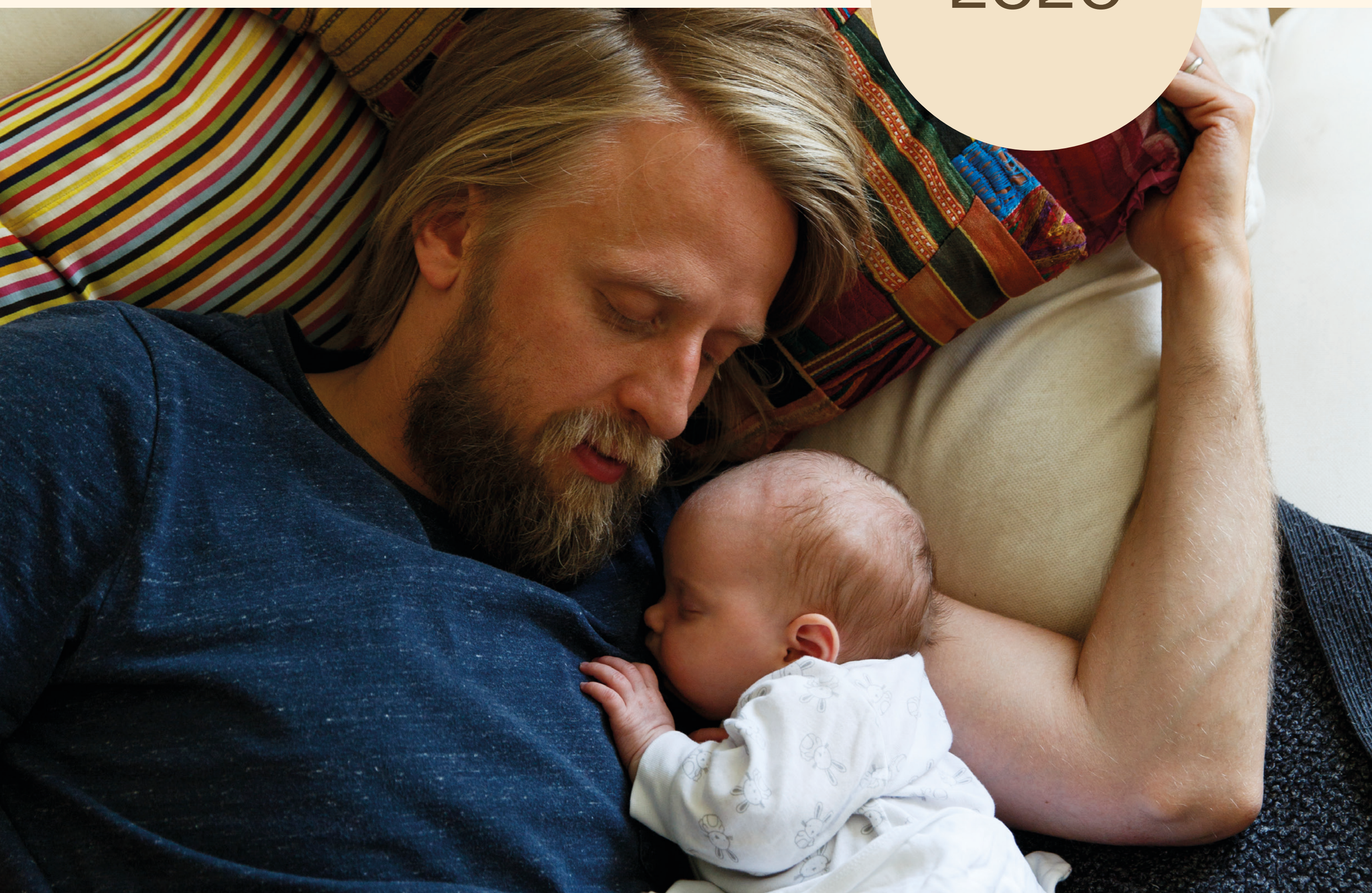
storebrand

Storebrand Livsforsikring AS
Annual report

2020



Notice:

This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally. The Storebrand Group assumes no responsibility to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make. This document contains alternative performance measures (APM) as defined by The European Securities and Market Authority (ESMA). An overview of APM can be found at www.storebrand.com/ir

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Report of the board of directors

STRATEGY 2021-23: «LEADING THE WAY IN SUSTAINABLE VALUE CREATION»

Storebrand aims to help customers achieve financial security and freedom by offering long-term savings and insurance solutions. Our goal is to deliver sustainable solutions tailored to the customer's individual needs, so that customers can receive the best possible pension in a more sustainable world. This is how we create value for customers, shareholders, and society.

Storebrand follows a two-fold strategy that provides an attractive combination of self-funded growth within what we call the "Future Storebrand", and capital release from the guaranteed pensions business which is in run-off.

Storebrand aims to
(A) be the leading provider of occupational pensions in both Norway and Sweden
(B) continue a strategy of building a Nordic powerhouse in asset management
(C) ensure rapid growth as a challenger in the Norwegian retail market for financial services.

The interaction between our business areas provides synergies in the form of capital, economies of scale, and value creation based on customer insight.

We believe the only way to secure a better future is to take part in creating it. We seek to actively use our position to lead the way in sustainable value creation and to differentiate ourselves from competitors.

Storebrand offers financial products, services, and customer experiences. Based on an increasingly advanced technology platform, we offer a fully digital business and distribution model. Our position as a digital frontrunner will be a critical success factor in strengthening our competitiveness in the years to come.

STRATEGIC HIGHLIGHTS 2020

Despite the outbreak of the covid-19 pandemic, Storebrand has been close to fully operational in 2020. Thanks to well defined contingency plans and adaptable staff, we executed on our strategic initiatives according to plan, despite it being an extraordinary year.

We quickly adapted to new ways of working with digital processes and home offices for most of the year. Our first priority was to secure Storebrand's critical operations and to support our customers when they needed our services most. During 2020, we helped a record number of customers with their travel insurance claims, refinanced mortgages, and adjusted repayment schedules. We also provided extensive business and investment advice for companies and individuals.

We entered the year with a solid solvency and buffer capital position. This contributed to our resilience towards the market shocks that occurred as the global crisis unfolded. Despite market volatility and declining interest rates, financial risks were therefore mitigated through measures within our normal risk management framework.

Strong growth in our core business throughout the year contributed to an increase in the group's operating profit. However, turbulent financial markets in the first quarter led to significant unrealised investment losses in the beginning of the year. Throughout the remaining quarters, financial markets rebounded and the group ended the year with a positive financial result.

The main impact of covid-19 on Storebrand was the increased risk of lower employment and a subsequent rise in disability in the society. Reserves for insurance products with disability coverage were therefore strengthened in the first quarter, and these were still assessed to be adequate by the end of the year.

GROWTH IN CAPITAL-LIGHT BUSINESS AREAS IN THE FRONT BOOK

The core of Storebrand's strategy is to gather and manage savings from pension and institutional customers in Norway and Sweden, as well as retail customers in Norway. By the end of 2020, we managed NOK 962 billion of assets. This is our main revenue driver. In addition, we will build on existing savings and pension relationships by offering related products and solutions within insurance and banking in Norway.

Over the past eight years, Storebrand has succeeded in transforming the business from capital-intensive products with guaranteed returns, to fast-growing and self-funding capital-light products. Total assets under management have more than doubled since 2012. At the end of the year, 71 per cent of the assets under management were related to capital-light business in the front book.

LEADING PROVIDER OF OCCUPATIONAL PENSIONS IN NORWAY AND SWEDEN

The growth within Storebrand's core product, defined contribution pensions, continued in 2020. Storebrand maintained its leading market position in Norway with a market share of 29 per cent[1]. The average policyholder is about 50 years old, which means that premium payments received exceed pension payments made. Corporate customers in Norway also paid an excess of NOK 2 billion in insurance premiums in 2020.

In Sweden, where the defined contribution pension market is more mature, SPP increased its market share to 18 per cent from 16 per cent last year, becoming the second largest provider within non-unionised pensions[2]. New digital sales tools and a successful strategy to encourage customers to transfer previously earned pension assets to SPP were main drivers for the growth.

To further strengthen our market position and growth, Storebrand re-entered the Norwegian market for public occupational pensions in 2020. In the first year, we won contracts worth NOK 9 billion in total assets – funds that will be transferred to Storebrand in 2021. Recent pension reforms have effectively re-opened the market for competition after having been dominated by a municipality-owned monopolist over the last years. Storebrand has a strong value proposition and is the only challenger in the market. Storebrand is also the only provider with a complete product offering within occupational pensions. The market is estimated at more than NOK 450 billion in total assets and NOK 35 billion in annual premiums, thus a larger market than the Norwegian private market.

GROWING CHALLENGER IN THE NORWEGIAN RETAIL MARKET

Through our corporate pensions and asset management offering, we leverage both systems and solutions to deliver savings and insurance products in the retail market. Together with our retail bank, Storebrand offers a digital one-stop-shop with integrated value propositions and cross-selling opportunities.

With 250 years of history, the Storebrand brand name stands strong in society. In Norway, 1.3 million people are customers of Storebrand through their pension savings. They are our main target group for additional financial services that enable them to achieve financial freedom and security.

Growing our distribution capacity in the retail market was a main priority in 2020. During the year, written insurance premiums increased by 18 per cent. We entered new distribution partnerships with the Norwegian Homeowners Association and Coop, while also exploring new business opportunities with fintech companies such as Dreams, Aprilla Bank, and Finn.no. Storebrand also entered into an agreement with Insr to acquire the right and obligation to renew policies from Insr's customer portfolios over the coming year.

[1] Measured in gross premiums as of Q3 2020. Source: Finance Norway.

[2] Measured in gross premiums including transfers as of Q3 2020, but excluding Brummer Life. Source: Insurance Sweden.

LEADERSHIP IN SUSTAINABILITY

For the past 25 years, Storebrand has pioneered sustainable investments to increase value creation. We strive to create value beyond financial returns. Our sustainable investments and enhanced sustainability funds grew substantially in 2020. We believe that our leading position in sustainable value creation will increase value for our customers and create positive ripple effects for society. We are committed to the Paris Agreement throughout our value chain. Storebrand is determined to lead and develop the sustainability agenda within the financial industry in the years to come.

Our sustainability position has been highly recognised in 2020. Storebrand was included in the Dow Jones Sustainability Index, recognised among the top 10 percent most sustainable companies in the world. Corporate Knights also rated Storebrand as the world's most sustainable insurance company in its Global 100 ranking for a second consecutive year. Our employee satisfaction surveys show that Storebrand employees are proud to be a part of the company, and that our work on sustainability makes their job more meaningful. Our position on sustainability also attracts an increasing number of international talents.

More information about our sustainability work is discussed in the section below *A Driving Force* for Sustainable Investments and in the chapter *Order in our own House*.

DIGITAL FRONTRUNNER

The use of technology makes it possible to combine growth initiatives and measures for increased competitiveness, while at the same time realising cost reductions and efficiency gains. Smart use of data paves the way for new business opportunities and efficiency gains, both through digitalisation and automation. Storebrand is adopting modern cloud solutions, enabling faster time-to-market and better access to new digital capabilities. Digital sales have increased 25 per cent annually over the past three years. The duration of handling disability claims has seen a reduction of up to 75 per cent, while fraud detection increased 85 percent.

Digital customer experiences will be a high priority going forward. More information about our digital initiatives is described in the chapter *Customer Relations* under the section *Digital Innovator in the Financial Sector*.

SUBSIDIARIES AND ASSOCIATED COMPANIES

Storebrand Livsforsikring AS owns 100 per cent of Storebrand Holding AB, which in turn owns 100 per cent of SPP Pension & Försäkring AB, SPP Spar AB, SPP Konsult AB and Storebrand & SPP Business Services AB. SPP is a leading Swedish supplier of life insurance and occupational pensions. SPP supplies unit-linked products, traditional insurance and defined-benefit pension products as well as consultancy services that cover occupational pensions and insurance and administration solutions for municipalities and other organisations. Together, Storebrand and SPP will become the leading life insurance and pension provider in the Nordic region. SPP's head office is located in Stockholm.

In 2005 Storebrand Livsforsikring AS set up a branch in Sweden. The branch manages pension insurance policies and unit-linked agreements in the Swedish market in accordance with the Norwegian Insurance Act. New sales no longer take place in the branch. In 2008 the branch was integrated with SPP.

During 2020 Storebrand Livsforsikring AS has bought the rest of the shares from the minority owners and owns 100 per cent of Benco Insurance Holding BV at year end. Euroben Life and Pension Ltd with its head office in Dublin was distributed as a dividend from Benco to Storebrand Livsforsikring AS in June, and then sold on to SPP Pension & Försäkring AB in november. Euroben offer pension products to Nordic companies.

Through Storebrand Pensjonstjenester AS, Storebrand offers deliveries within actuarial services, system solutions and all types of services associated with the operation of pension funds. The company is a wholly owned subsidiary of Storebrand Livsforsikring AS.

Storebrand Finansiell Rådgivning AS, which sells and advises the Storebrand Group's products in the private market, was established as a wholly owned subsidiary by Storebrand Livsforsikring AS in order to satisfy legal changes within financial advice (the MiFid directive) which entered into force on 1 November 2007. At the beginning of 2020, the company was owned 100 per cent by Storebrand Livsforsikring and was sold to Storebrand Bank ASA during the year.

Storebrand Eiendom Trygg AS, Storebrand Eiendoms Vekst AS and Storebrand Eiendom Utvikling AS are holding companies for the Norwegian property operations. The companies are 100 per cent owned by Storebrand Livsforsikring AS. In addition, Storebrand Livsforsikring AS owns 26.2 per cent of Storebrand Eiendomsfond Norge KS through ownership in wholly owned daughter Storebrand Eiendom Invest AS.

GROUP PROFIT

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed Storebrand ASA. For information about the Storebrand Group's result please refer to the Storebrand Group's annual report for 2020.

The official financial statements of the Storebrand Livsforsikring group are prepared in accordance with the International Financial Reporting Standards (IFRS), while the official financial statements of Storebrand Livsforsikring AS are prepared in accordance with the Annual Accounts Regulations for Lifeinsurance Companies.

The Board confirms that the financial statements were prepared on the basis of a going concern assumption. The board is not aware that events that have a material significance on the Annual Accounts of Storebrand Livsforsikring AS and Storebrand Livsforsikring group have occurred after the balance sheet date.

STOREBRAND LIVSFORSIKRING GROUP

NOK million	2020	2019
Fee and administration income	3,476	3,332
Insurance result	454	665
Operational cost	-2,427	-2,510
Operating profit	**1,503**	**1,486**
Financial items and risk result life & pension	204	709
Profit before amortisation	**1,707**	**2,196**

(The figures in brackets show corresponding figures for last year)

Storebrand Livsforsikring achieved a group profit before amortisation of NOK 1 707 million kroner in 2020, compared to NOK 2 196 million in 2019. Profit before tax was NOK 1 336 million in 2020, compared to NOK 1 855 million in 2019. Profit after tax was NOK 1 679 million compared to NOK 1 522 million the year before.

Fee and administration income increased by 4.3 per cent to NOK 3 476 million (NOK 3 332 million) mainly driven by underlying growth in asset under management. Adjusted for a strengthened Swedish krona, the income growth was 0,3 per cent.

The insurance result was NOK 454 million (NOK 665 million) and resulted in a combined ratio of 98 per cent (91 per cent). Reserve strengthening in products with disability coverage weakened this year's result as a result of the covid-19 pandemic with the uncertain macroeconomic situation that occurred and the risk of increased disability in Norway.

Operating expenses amounted to NOK 2 427 million (NOK 2 510 million). Storebrand has an ambitious plan to digitilize and improve efficiency.

Overall, the operating profit amounted to NOK 1 503 million in 2020 (NOK 1 486 million).

Financial items and risk result life was NOK 204 million (NOK 709 million). The decrease in profits in 2020 is mainly due to a weak disability result in the Norwegian Defined Benefit pensions as well as an increased need for Deferred Capital Contributions in SPP due to lower discount rates and wider credit spreads.

The Storebrand Livsforsikring Group reported tax income of NOK 344 million (tax expence NOK 333 million) for 2020. The tax income is a result of new information and interpretation of the transitional rules for 2018.

The estimated normal tax rate for the Group is 21-23 per cent, depending on each legal entity's contribution to the group result. For more information on tax and uncertain tax positions, see note 26. Storebrand also has a policy for responsible taxation and publishes a separate tax transparency report on our website.

GROUP PROFIT BY BUSINESS UNIT

Our financial result is reported by the following business segment: Savings, Insurance, Guaranteed Pension and Other.

The presentation of result by area is exclusive internal transactions.

NOK million	2020	2019
Savings	782	566
Insurance	89	281
Guaranteed pensions	775	1,029
Other	61	320
Profit before amortisation	**1,707**	**2,196**

The Savings business had a growth in fee and administration income of 3.8 per cent from 2019 to 2020, adjusted for currency effects. The increase is attributed to underlying growth from premiums, new business and higher savings rates.

The Insurance business show a growth in premium income of 7 per cent. The insuranceresult was NOK 454 million in 2020 with a total combined ratio of 98 per cent (91 per cent in 2019). As a result of the covid-19 pandemic, reservestrengthening were implemented for all products with disability coverage.

Within Guaranteed pension, fee and administration income was in line with the previous year. Revenues are expected to decline gradually do to the fact that the products are in long-term decline.

The Other business unit consist of financing and investment of company capital. In addtion, some minor subsidiaries is reported in this unit.

SAVINGS

The Savings business and Unit Linked area includes products for retirement savings with no interest rate guarantees. The business area consists of defined contribution pensions in Norway and Sweden.

PROFIT

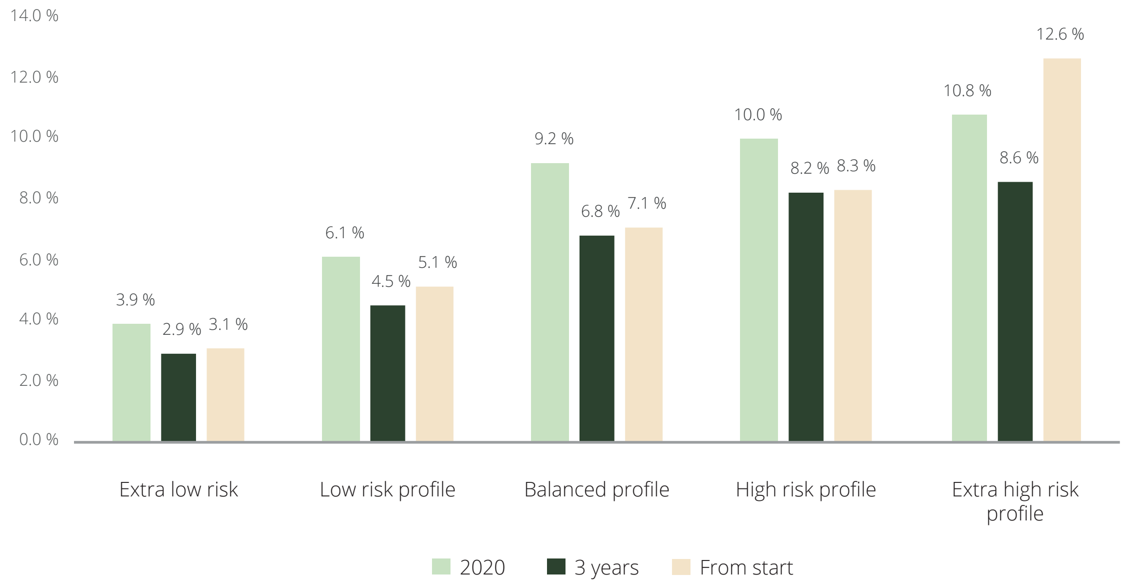
NOK million	2020	2019
Fee and administration income	1,961	1,805
Operational cost	-1,138	-1,222
Operating profit	**824**	**583**
Financial items and risk result life & pension	-41	-17
Profit before amortisation	**782**	**566**

Profit in Savings business amounted to NOK 782 million in 2020 compared to NOK 566 million the year before.

Total fee and administration income increased to NOK 1 961 million (NOK 1 805 million), as a result of strong underlying volume growth in Unit Linked and asset management. Increased competition contributed to moderate margin pressure for both the Norwegian and Swedish Unit Linked products.

Operating expenses were NOK 84 million lower in 2020 than in 2019, explained by strong cost control and slightly lower market activity as a result of the covid-19 pandemic.

RETURN ON DEFAULT DEFINED CONTRIBUTION PENSION PORTFOLIOS



BALANCE SHEET AND MARKET DEVELOPMENT

Assets under management grew significantly in 2020. Defined contribution pension continue to grow strongly because most companies have now chosen to convert from defined benefit plans to defined contribution plans. This increases the number of members, current premium payments and management volum in the defined contribution pension schemes in both Norway and Sweden, in addition to growth through returns on the premium reserves.

Unit Linked reserves grew by 22 per cent to NOK 268 billion – driven partly by positive financial market developments, but also by 18 per cent growth in premiums, 46 per cent growth in new sales (measured in APE - Annual Premium Equivalent), and a positive net transfer balance of NOK 5.4 billion (NOK -0.2 billion).

KEY FIGURES SAVINGS

NOK million	2020	2019
Unit Linked Reserves	268,331	219,793
Unit Linked Premiums	20,185	14,143

INSURANCE

The Insurance business area encompasses personal risk products in the Norwegian and Swedish retail market and employee insurance and pensions-related insurance in the Norwegian and Swedish corporate market.

PROFIT

NOK million	2020	2019
Fee and administration income		
Insurance result	454	665
- Insurance premiums f.o.a.	2,938	2,750
- Claims f.o.a.	-2,484	-2,086
Operational cost	-399	-417
Operating profit	**56**	**248**
Financial items and risk result life & pension	33	33
Profit before amortisation	**89**	**281**

The insurance premiums increased with 7 per cent to NOK 2 938 million in 2020 (NOK 2 750 million), driven mainly by strong volume growth, but also due to price increases in less profitable products.

Profit before amortisation was NOK 89 million compared to NOK 281 million in 2019. The insuranceresult was NOK 454 million for the full year with an overall combined ratio of 98 per cent (91 per cent i 2019).

Insurance claims increased to NOK 2 484 million (2 086million). As a result of the covid-19 pandemic and the decline in oil prices, Storebrand conducted a model-based review of the future development of the economic situation. The review led to reserve strengthening for all products with disability coverage of NOK 220 million in the 1st quarter. The total claims ratio for the year was 85 per cent compared to 76 per cent in 2019.

Total operating expenses for the year amounted to NOK 399 million (NOK 417 million) resulting in a decrease in the cost ratio to 14 per cent from 15 per cent in 2019.

KEY FIGURES – INSURANCE

	2020	2019
Claims ratio	85 %	76 %
Cost ratio	14 %	15 %
Combined ratio	98 %	91 %

The financial result was NOK 33 million (NOK 33 million). The insurance investment portfolio amounted to NOK 7,0 billion at the end of 2020 (NOK 6.4 billion) and achieved a return of 3.9 per cent. The investments are primarily in high rated fixed income securities either booked at amortised cost or with short duration.

BALANCE SHEET AND MARKET PERFORMANCE

The Insurance segment offers a broad range of products to the retail market in Norway, as well as to the corporate market in both Norway and Sweden.

The total growth in written portfolio premiums amounted to 17 per cent in 2020. The highest growth was within Individual Life (25 per cent), followed by Pension related disability insurance (17 per cent), and Group Life (7 per cent). The written portfolio premiums at the end of the year amounted to NOK 3.1 billion, of which NOK 0.7 billion is in the retail market and NOK 2.3 billion in the corporate market.

PORTFOLIO PREMIUM (ANNUAL)

NOK million	2020	2019
Individual life *	721	673
Group life **	1,005	805
Pension related disability insurance ***	1,336	1,144
Portfolio premium	**3,062**	**2,622**

* Individual life disability insurance

** Group disability, workers compensation insurance

*** DC disability risk premium Norway and disability risk Sweden

GUARANTEED PENSION

The Guaranteed Pension business area encompasses long-term pension savings products that give customers a guaranteed rate of return. The business area covers defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurance.

PROFIT

NOK million	2020	2019
Fee and administration income	1,455	1,475
Operational cost	-842	-819
Operating profit	**614**	**657**
Financial items and risk result life & pension	162	372
Profit before amortisation	**775**	**1,029**

Fee and administration income was in line with the previous year and amounted to NOK 1 455 million (NOK 1 475 million). Income is expected to gradually decline because the products are in long-term run off and essentially closed for new business. Following the closure of the last major Defined Benefit plan in Norway this year, the income in the product has been reduced while the income from paid-up policies has increased.

Operating expenses amounted to NOK -842 million (NOK -819 million). The marginal increase is due to the strengthened Swedish krone and costs associated with new initiatives in the public sector.

The risk result life & pensions was NOK 17 million (NOK 215 million). The decrease in results is due to low reactivation levels of people in disability within the Norwegian Defined Benefit pensions. To improve the result, price adjustments have been made with effect in 2021.

Net profit sharing, after further buffer capital strengthening, amounted to NOK 144 million (NOK 157 million), driven by good returns in both Norwegian and Swedish products.

Earnings before amortisation amounted to NOK 775 million (NOK 1,029 million).

BALANCE SHEET AND MARKET PERFORMANCE

Guaranteed reserves at the end of the year amounted to NOK 277 billion. This is an increase of NOK 13.5 billion in 2020, but adjusted for currency effects, the change is only NOK 4.7 billion. As a share of total reserves, this corresponds to 50.8 per cent (54.5 per cent) at the end of the year, a decrease of 3.7 percentage points since last year.

Storebrand's strategy is to increase the buffer capital to secure customer returns and shield shareholder's equity under turbulent market conditions. Buffer capital for guaranteed pensions increased to 11.0 per cent (8.6 per cent) of customer reserves in Norway and to 11.4 per cent (10.7 per cent) in Sweden. This equates to an overall increase of NOK 5.7 billion since last year.

NOK million	2020	2019
Guaranteed reserves	276,755	263,185
Guaranteed reseves in % of total reserves	50.8 %	54.5 %
Transfer out of guaranteed reserves	1,427	-103
Buffer capital in % of customer reserves Storebrand	11.0 %	8.6 %
Buffer capital in % of customer reserves SPP	11.4 %	10.7 %

Premium income for Guaranteed Pension business (without transfers) was NOK 4.2 billion in 2020 (NOK 5.2 billion). Most of the the products are closed to new sales, and the customers' choice of moving from guaranteed to non-guranteed products is in line with the group's strategy.

PREMIUM INCOME (EXCLUSIVE TRANSFERS)

NOK million	2020	2019
Defined Benefit	2,258	3,095
Paid-up policies	104	112
Individual life and pension	227	228
Guaranteed products SPP	1,564	1,762
Total	**4,152**	**5,196**

OTHER

Under Other, the company portfolios and smaller daughter companies with Storebrand Livsforsikring and SPP are reported. In addition, the result associated with the activities at BenCo is included.

PROFIT

NOK million	2020	2019
Fee and administration income	59	51
Operational cost	-49	-52
Operating profit	**10**	**-1**
Financial items and risk result life & pension	50	321
Profit before amortisation	**61**	**320**

The result before amortisation for the Other segment activities was NOK 61 million in 2020, compared with NOK 320 million in 2019.

The results stems primarily from the returns in the company portfolios in Storebrand Livsforsikring and SPP.

Unrealised losses on investments in the portfolios that occurred in the first quarter during the market turmoil have been reversed throughout the rest of the year. Profit before amortisation amounted to NOK 1 million (NOK 205 million).

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. Assuming the current interest rate at the end of 2020, interest expenses are expected to be approximately NOK 80 million quarterly.

CAPITAL SITUATION

We adapt the level of equity and debt in the Group continuosly and systematically. The level is adjusted for the financial risk and capital requirements. The growth and composition of business segments are important drivers behind the need for capital. Capital management is designed to ensure an efficient capital structure and maintain an appropriate balance between internal targets and regulatory requirements.

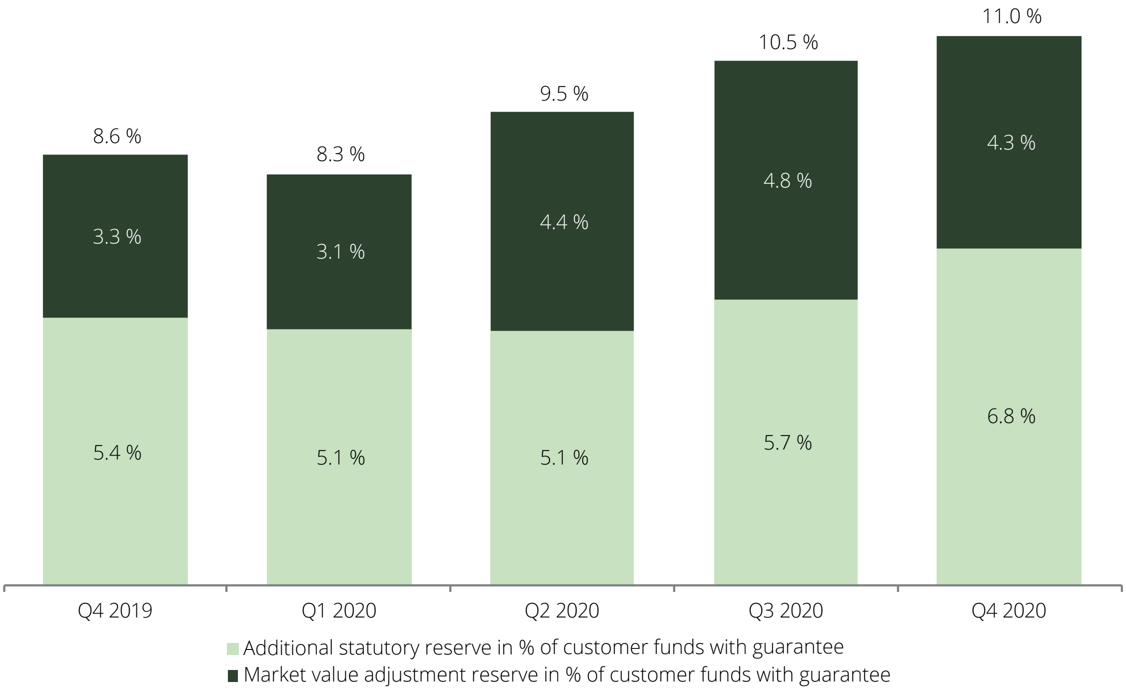
The Group's target is to have a solvency margin ratio in accordance with Solvency II of at least 150 per cent, including use of the transitional rules. The solvency margin for the Storebrand Group was estimated at 178 per cent at the end of 2020, including transitional rules. Without transitional rules, the solvency margin was 166 per cent. Storebrand uses the standard model for the calculation of Solvency II. Good risk management and a positive impact of the regulatory adjustment mechanisms in the solvency regulations more than compensate for demanding financial markets.

Storebrand Livsforsikring AS had a solvency margin after transitional rules of 215 per cent per 31.12.20 compared to 225 per cent in 2019. The Storebrand Livsforsikring Group is no longer required to report the solvency margin, requirement at consolidated level applies for the Storebrand Group.

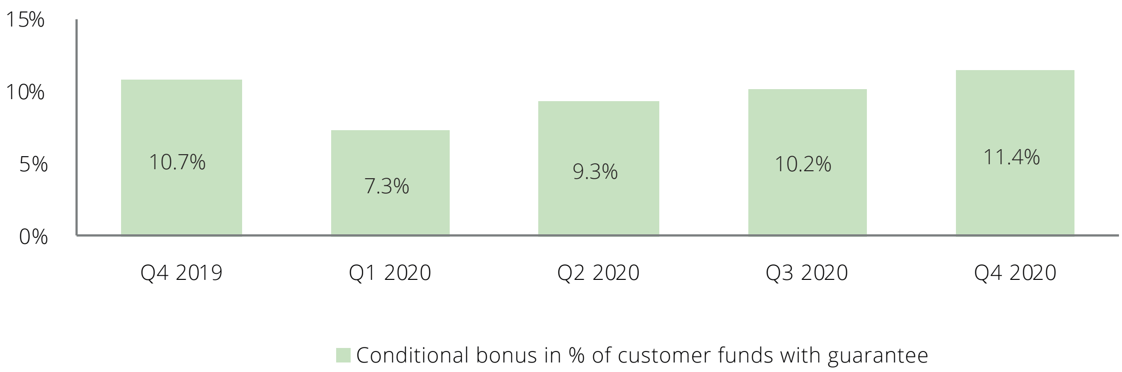
Storebrand Livsforsikring Group's solidity capital consists of equity, subordinated loan capital, market value adjustment reserves, additional statutory reserves, conditional bonuses and risk equalisation reserves. The solidity capital was strengthened by NOK 10.3 billion in 2020. The market value adjustment reserve increased by NOK 1.7 billion as a result of positive market developments and amounted to NOK 7.2 billion at year-end. Conditional bonuses increased by NOK 1.5 billion and amounted to NOK 10.8 billion. Booked returns have increased the additional statutory reserves. The additional statutory reserves amounted to NOK 11.4 billion at the end of the year, an increase of NOK 2.4 billion for the year. The excess value of bonds and loans that are booked at amortised cost have increased by NOK 4.1 billion during the year and amounted to NOK 8.8 billion at year-end. The excess value of bonds and loans at amortised cost is not included in the financial statements.

NOK million	2016	2017	2018	2019	2020
Equity	23,542	25,735	26,965	24,966	25,173
Subordinated loan capital	7,196	8,426	7,788	8,488	9,004
Risk equalisation fund	140	143	234	466	438
Market value adjustment reserve	2,684	3,707	2,245	5,500	7,170
Additional statutory reserves (ASR)	6,794	8,254	8,494	9,023	11,380
Conditional bonus (CB)	7,241	9,176	8,243	9,302	10,769
Reserves on bonds to amortised cost	8,785	8,531	5,009	4,697	8,832
Total	**56,381**	**63,972**	**58,978**	**62,442**	**72,766**

CUSTOMER BUFFER STOREBRAND LIVSFORSIKRING



CUSTOMER BUFFER SPP PENSION & FÖRSÄKRING



RATING

Storebrand Livsforsikring AS issues subordinated loans and is rated by the credit rating agency Standard & Poor's. Storebrand Livsforsikring AS, the main operating entity, aims for at least an A- rating.Storebrand Livsforsikring AS's rating in July 2020 was confirmed as A- with stable outlook.

OUTLOOK

MARKET DEVELOPMENT
Financial market developments affect both the Group's solvency ratio and the financial results. Higher interest rates increase the solvency ratio and make it easier to achieve returns above the guaranteed rate. Defined Contribution pensions and asset management are largely exposed to the stock market. Market movements will therefore affect income earned on assets under management. Currency movements between the Norwegian and Swedish krone affect the reported balance sheet and results in SPP at a consolidated level. There is still uncertainty about the consequences of covid-19 and how it will affect financial markets going forward. With a solid solvency margin of 178 percent and more than 11 percent buffer capital in guaranteed products, Storebrand is in a good position to navigate safely through demanding markets. The company also has a robust risk management framework, as described in a separate section below. Read more in note 2 about uncertainties related to the covid-19 pandemic.

REGULATORY CHANGES
Regulations enacted by the authorities can be of great importance to Storebrand. We describe the most important changes and their significance for Storebrand below.

European regulations
Solvency II revision
In December 2020, the European Supervisory Authority for Insurance and Occupational Pensions (EIOPA) submitted its final proposal for changes to the standard model under Solvency II to the European Commission. One of several proposals by EIOPA concerns changes to the interest rate risk module that could increase the solvency capital requirement for Norwegian and Swedish insurance companies.

EIOPA originally planned to submit its final proposals in June 2020, but the timetable was revised due to covid-19. We expect final conclusions to be drawn by the Commission, the Parliament and the Council in 2022. This will be followed by work on delegated acts and guidelines. Changes are not expected to enter into force before 2026.

Sustainable finance
The EU Action Plan for Financing Sustainable Growth will, among other things, help meet the commitments set out in the Paris Agreement on reduced carbon emissions. The regulations on sustainable finance follow up the action plan and shall contribute to increased investments in sustainable activities and strengthen the financial system's ability to manage climate risk.

The Financial Supervisory Authority of Norway has prepared proposals for a new law on sustainability reporting that incorporates the disclosure regulation and the classification regulation (taxonomy) in Norwegian law. A consultation period for the proposal was held until 8 January 2021. In Sweden and other EU countries, the disclosure regulation comes into force on 10 March 2021. The taxonomy came into force on 12 July 2020 in the EU, but the requirements will only apply from 2022 to the first two sustainability goals (climate change mitigation and climate change adaptation), and from 2023 for the other four (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems).

The new rules will establish standards for sustainable asset management and clarify reporting requirements and customer information.

We regard the regulations for sustainable finance to be positive. It will increase the requirements and improve the quality of financial and non-financial reporting, which in turn will provide better information to stakeholders and improve comparability within the financial sector.

Norwegian regulations
Individual pension accounts
The Individual Pension Account will be introduced in Norway in 2021. The reform applies to Defined Contribution pensions in the private sector. The aim is to give workers a better overview of their pension, and to facilitate more efficient administration and management of pensions. Pension capital certificates accumulated from previous employments are automatically transferred to the Individual Pension Account, which is established at the current employer's pension provider. Transfers are carried out unless the policyholder makes an active choice to opt-out ("negative acceptance") and stay with the providers from previous employments. At the same time, it introduces the opportunity for policyholders to choose a provider of their own choice rather than staying with the employer's collective scheme.

Workers wishing to opt-out can do so between 1 February and 30 April 2021, in a joint portal provided by Norsk Pensjon. It will also be possible to move to the provider of own choice from 1 February.

Transfers of pension capital certificates that have not opted-out shall be carried out in the period between 1 May and 30 December 2021. Policyholders who do not want to wait may request that pension capital certificates shall be moved to their Individual Pension Account at once.

To facilitate an efficient implementation of the reform, the industry has collaborated on the development of a new common digital infrastructure. A separate company, Pensjonskontoregisteret AS, has been established to operate this.

A key aim of the reform is to reduce the costs associated with the administration of pension contributions from previous employers. Regulation stipulates that individuals shall pay the same fee for former earning from pension capital certificates transferred to the Individual Pension Account as the employer pays for current contributions. This will lead to significantly lower income related to former earnings for the providers. The impact for Storebrand is described in more detail below under financial results.

Storebrand expects a positive net transfer of pension capital certificates with the introduction of Individual Pension accounts. At the same time, workers will be able to move the pension funds (both past and present earnings) to providers of their own choice. All the major labour unions have launched offerings for self-selected Individual Pension Accounts for their members.

Storebrand participates in the Ministry of Finance's implementation group for Individual Pension Accounts.

Guaranteed pension

The Norwegian Financial Supervisory Authority's proposed changes to the regulations for guaranteed pension products have been consulted. The Ministry of Finance is yet to decide which of the proposals for legislative changes are to be submitted to the parliament.

The Ministry of Finance decided in May 2020 that the Financial Supervisory Authority's proposal to remove the possibility of booking bonds and loans at amortised costs will not be followed up. Bonds held at amortised costs are a key tool for risk management of paid-up policies, and the clarification provided reassurance that we can continue to make use this tool.

The other proposals that the Ministry will now consider include:

- The ability for companies to build additional statutory reserves separately for individual contracts.
- A new buffer fund model. The Financial Supervisory Authority has primarily proposed merging additional statutory reserves and market value adjustment reserves into a new customer-distributed buffer reserve that can also cover negative returns. As an alternative, a continuation of additional statutory reserves and market value adjustment reserves is proposed, but with the possibility for additional statutory reserves to also cover negative returns.
- The ability for the company to fulfil annual interest rate guarantees with borrowed equity.
- The ability for customers to choose faster pay-outs for small paid-up policies.
- The ability for companies to compensate customers who convert to paid up policies with investment choice.

We expect the proposed legislation to be presented in early 2021.

Changes in IFRS

A new accounting standard for insurance contracts, IFRS 17, is expected to be implemented in 2023. Storebrand will also implement IFRS 9 for financial instruments at the same time. The new standards will lead to changes in the valuation of insurance contracts and how profits are recognised. Estimated effects for Storebrand will be presented closer to the implementation date.

Swedish regulations

Premium pensions (PPM) of the national retirement pension system

The report on the Swedish premium pension system (PPM) is still being discussed in the Swedish parliament's pension group. This will present the final requirements for a procured fund market, before for further processing. The inquiry period has been extended until 31 August 2021 so that the authorities can begin their work with the fund market on 1 September 2021. Today's fund market is expected to be replaced by a procured market based on new criteria for fees, sustainability and quality.

In 2020, it was decided that a body under the Swedish Pension Authority shall be responsible for managing the new fund market and for qualifying funds. The Pension Authority shall also be responsible for dissolving the current fund market and for deciding how pension funds shall be transferred to funds on the new fund market.

The PPM fund market is a major distribution channel for SPP's funds. We anticipate that the new fund market will offer fewer funds at a lower price, but it is too early to say anything about the consequences.

New transfer market regulation

A new regulation with the purpose of increasing the transferability of pensions policies came into force in January 2020. The new rules limit the amount of fees that can be charged upon transferring pensions rights to competing providers. In accordance with the new regulation, SPP adjusted its transfer fees. SPP favours increased transfer rights and welcomes the new regulation.

The Swedish government has been asked by the parliament to draw up further proposals for adjustments to the transfer fees for Unit Linked accounts (including deposit insurance). Proposed regulations were presented in October 2020. The new rules, which introduce an upper limit on fees, will come into force on 1 April 2021 and apply to policies dated back to 1 July 2007. An inquiry for policies established before 1 July will be conducted and proposed regulations are expected in September 2021.

SPP supports a more transparent and clearer framework for transfers of pensions and hopes full transfer rights will apply to policies established even before 2007. Today, this is voluntary for insurance companies, and something the SPP already allows. We believe that the ability for employees to choose a provider of their own choice should not be affected by how many years they have saved for their pension.

FINANCIAL RESULT

In Norway, the market for private sector occupational pensions has experienced increased competition over the last years in anticipation of the new Individual Pension Accounts (IPA), described under regulatory changes above. As individuals' contracts are merged into one account, fees will be reduced. The resulting economic effect is expected to be moderate in 2021 and slightly more negative in 2022, before recovering in 2023 through strong underlying growth as well as measures to increase profitability. The market has grown structurally over the past years. High single-digit growth in premiums and double-digit growth in assets under management are expected during the next years. We aim to defend Storebrand's market leader position, while also focusing on cost leadership and improved customer experience through end-to-end digitalisation.

As a leading occupational pension provider in the private sector, Storebrand also has a competitive offering to the public sector market. The public sector pension market is fast growing and larger the private sector, thus representing a potential additional source of revenue generation for Storebrand. The ambition is to gain 1 per cent market share annually, or approximately NOK 5 billion in annual net inflow.

In Sweden, SPP has become a significant result contributor to the Storebrand Group, driven by earnings growth and ongoing capital release. Growth is expected to continue, driven by an edge in digital and ESG-enhanced solutions, and a strong market position. The market is expected to grow about 8 per cent annually, supported by increasing transfer volumes. Going forward, SPP expects to grow 14-16 per cent annually – twice the overall market growth – through capturing the largest share of transfers.

Overall reserves for guaranteed pensions are expected to start decreasing in the coming years. Guaranteed reserves represent a declining share of the Group's total pension reserves and were 50.8 per cent at the end of the year, 3.7 percentage points lower than last year. Storebrand's strategy is to secure customer returns and shield shareholder's equity under turbulent market conditions by building customer buffers. Customer buffers make up more than 11 per cent of customer reserves in both Norway and Sweden. The levels will grow with an expected positive spread over the guaranteed rate on the policies.

The retail market has evolved into and increasingly larger part of Storebrand and accounted for 21 per cent of the group's profits in 2020. The individualisation of the pension and savings market is expected to increase further and may be reinforced by the introduction of Individual Pension Accounts in Norway.

CAPITAL MANAGEMENT

Storebrand aims to maintain a solvency ratio of at least 150 per cent. At the end of 2020 it was 178 per cent. On an annual basis, a net capital generation of about 6-7 percentage points of solvency is expected over the next few years. Of this, approximately 10 percentage points are generated in the business, 3 additional percentage points are expected as a result of the guaranteed business being in run-off, and around 5-6 per cent are expected to pe paid out as dividend from the annual results. Financial market volatility, especially the development in long interest rates, and regulatory changes, may lead to short term volatility in the solvency ratio.

Under normal circumstances, the solvency ratio can be expected to reach 180 per cent in 2023. During the same period, it is expected that the transitional capital will be phased out as a result of the change in business mix from guaranteed to non-guaranteed business. We expect that approximately NOK 10 billion in capital will be released by 2030.

RISK

Our risk management framework is designed to ensure that we take the appropriate risk for delivering returns to customers and owners, while protecting them, our employees and other stakeholders from adverse events and losses. The framework covers all risks Storebrand may be exposed to. The main risks are business risk, financial market risk, insurance risk, counterparty risk, operational risk, climate risk and liquidity risk.

The Board of Storebrand ASA and the directors of the subsidiaries adopt a risk appetite and risk strategy at least once per year. Risk-taking shall contribute to the achievement of our strategic and commercial goals, including customers receiving a competitive return on their pension funds, and that Storebrand receives adequate payment for taking on risk. Risk appetite is defined as the overall risk level and what types of risk are deemed acceptable. The guidelines from the risk appetite are incorporated in our risk strategy, which sets the targets and frameworks. Based on these, more detailed strategies are compiled for different risk categories. Storebrand publishes an annual Solvency and Financial Condition Report (SFCR) which helps customers and other stakeholders understand the risks in the business and how these are managed.

Overall, we saw a positive development in the number of reported incidents in 2020. Fewer customer and process-related incidents were reported compared to 2019. The number of "high-risk incidents" was also fewer than the year before, but their share of total is about the same as last year.

Covid-19 had limited impact on Storebrand's operations, but it caused major fluctuations in the financial markets. The first phase was handled as an emergency situation. Home office and digital meeting places were adopted to prevent the risk for contagion. Work processes were successfully restructured without any significant negative events. Our customer service and deliveries were affected to a small extent.

The pandemic and the economic consequences of lock downs to limit contagion both in Norway and internationally resulted in large stock market declines, wider credit spreads, falling interest rates and a lower turnover for many financial assets during the first part of 2020. The unrest, in combination with falling oil prices, resulted in a significant depreciation of the Norwegian krone. In the subsequent three quarters of the year, most markets recovered. Financial markets stabilised, helped by extensive rescue packages from governments. At the beginning of 2021, the interest rate level was still significantly lower than a year earlier, however. The financial market turmoil was handled within our normal framework for risk management in the Group. The persistent need for measures to limit contagion means that the risk is still higher than normally.

Covid-19 also affects our insurance risk. The greatest risk is associated with rising unemployment as a result of a weak economy, which has historically led to an increase in disability. Storebrand has strengthened the disability reserves to address the increased uncertainty.

Please also read note 2 for more information related to uncertainties arising from the covid-19 pandemic.

The risk picture differs between business units. The main risks are described per business unit below.

INSURANCE

Insurance consists of risk products and property and casualty insurance. The price can normally be adjusted on an annual basis if the risk changes. The greatest risk is disability risk. More persons than expected may be disabled and/or fewer disabled persons will be able to work again. We also offer covers that provide a pay-out in the event of death, but Storebrand's risk from this is limited.

SAVINGS

Savings consists of unit-linked insurance and other non-guaranteed pensions, the asset management business and the banking business.

For unit-linked insurance, the customer bears the financial market risk. The disbursements are generally time limited, and Storebrand bears low risk from increased life expectancy. For Storebrand, the risk from unit-linked insurance is primarily changes in future income or cost. Managing customer's assets in a professional and sustainable way, which at that at the same time ensures a good risk-adjusted return, is however important to attract new customers and create growth.

GUARANTEED PENSION

Guaranteed Pension encompasses savings and pension products with guaranteed interest rates. The greatest risks are financial market risk and longevity risk.

A common feature of the products is that Storebrand guarantees a minimum return. In Norway, the return must exceed the guarantee in each year, while in Sweden it is enough to achieve the guaranteed return on average over time.
The guaranteed insurance liabilities are sensitive to changes in interest rates, where lower rates will increase the value of the liabilities and make it harder to achieve the guaranteed rate. We aim to control the risk through the investments, but there is a residual risk from lower interest rates.

The traditional guaranteed products are closed for new business, but there is a large back-book of reserves. New premiums are mainly in Defined Contribution pensions (unit linked) or hybrid schemes with zero percent guarantee.

Storebrand wants to grow in the guaranteed public occupational pension market and received new customers in 2020. Public pension products differ from guaranteed pension products in the private sector because in the public sector, the employer pays for the interest rate guarantee, even for resigned employees and pensioners.

OTHER

The Other unit encompasses the company portfolios and smaller subsidiaries of Storebrand Life Insurance and SPP Pension & Försäkring. The company portfolios are invested at low risk, primarily in investment grade short-term interest-bearing securities.

CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABILITY

Storebrand offers pension, savings, insurance and banking products to individuals, businesses, and public enterprises. We work hard to understand our customers well enough to consistently meet their expectations. Our customers shall be confident that we put their needs first. We have been a part of people's lives for more than 250 years. Today, we are one of the Nordic region's largest private asset managers – with NOK 900 billion invested in companies around the world. More than two million Norwegians and Swedes place their savings with us. This comes with clear obligations. We are committed to managing our customers' money effectively and responsibly, helping them to fulfil their dream of increased financial freedom and financial security for the future. Assets under management shall be invested according to best sustainable practices, ensuring good financial returns and a positive impact on society.

Our purpose is clear - we create a future to look forward to.

The financial sector has a key role to play in achieving the UN Sustainable Development Goals (SDGs). With proper management, our pensions, savings and investments are powerful tools to address key challenges needed to realize the SDGs. As a significant asset owner, insurer and asset manager, we also see great economic opportunities in the alignment of investment portfolios to a sustainable agenda, in line with international obligations. Over time, we are confident that this leads to higher returns.

Companies with sustainability at the core of their business strategy are well positioned to weather global climate and sustainability risks and to benefit from opportunities. A growing body of evidence indicates that companies with a comprehensive strategy in line with the SDGs and Paris Agreement will create better long-term returns and may be better positioned to succeed in future markets

Storebrand's principles for sustainability outline how sustainability is an integral part of the groups overarching targets, steering and governance processes. The principles cover all companies and underlying departments of the group, hereunder investments, products, procurement, employee relations and our own operations.

The sustainability principles that guide our work are:

- We base our business activities on the UN Sustainable Development Goals, and collaborate with customers, suppliers, partners and the authorities to meet these goals.
- We help our customers to live more sustainably. We do this by managing our customers' money in a sustainable manner, in addition to providing sustainable financing and insurance.
- We are a responsible employer.
- Our processes and decisions are based on sustainability outcomes – from the board and management, who have the ultimate responsibility, to each employee who promotes sustainability in their respective business area.
- We use the precautionary principle when it comes to mitigating social and environmental risk.
- We are transparent about our work and our sustainability results.

Storebrand is a leading player in the Nordic market and a pioneer within the field of sustainable investments. We have been at the forefront of sustainable investing since the mid 1990's. In 2005, we introduced minimum standards for all our investments through "the Storebrand Standard", and in 2010 we integrated sustainability in all our funds through an internally developed ESG rating methodology used across all our funds. All our assets under management (AUM) are managed according to "the Storebrand Standard". We continuously increase our exposure to what we call "solution companies" – companies that contribute to the achievement of the UN SDGs. More than a third of our total assets under management are invested in fossil free products.

We are transparent about our work on sustainability, and report in accordance with several leading reporting standards, including Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD) og Carbon Disclosure Project (CDP), in line with expectations from a range of key stakeholders. Setting clear strategic ambitions and communicating openly on progress towards specific targets, are key success criteria in managing our stakeholder expectations. Moreover, we engage in international initiatives promoting sustainability, such as The Net Zero Asset Owner Alliance og Climate Action 100+, to contribute to a society where our customers have a future to look forward to.

Our sustainability report is integrated into the annual report of Storebrand ASA and follows the Global Reporting Initiatives guidelines for reporting (Core requirements). All sustainability-related information can be found in our online sustainability library.

ENVIRONMENT

Storebrand works purposefully to reduce its impact on the environment, both through its own operations, investments, procurement and property management. The emissions we are not able to cut, stemming from for instance travel and energy usage, are compensated through the purchase of verified carbon offsets. The Storebrand Group sets strict environmental standards for suppliers and the companies it invests in. The Head office is a low emission building and uses renewable energy sources like solar energy and district heating. The head office is a certified Miljøfyrtårn (Eco-Lighthouse)

HUMAN RESOURCES AND ORGANISATION

Learning and development

A high level of skill is one of Storebrand's most important factors for success, and it forms the foundation for renewed growth. At Storebrand, expertise is synonymous with the ability of each individual employee to perform and manage certain tasks and situations. This ability is based on knowledge and experience, skills, motivation and personality.

All employees should have an opportunity to develop in line with the Company's needs. The Company focuses on strengthening its ability to learn and work more across its organisational units and disciplines. Digitalisation has enabled the development of products and services at a rate that the finance sector has never previously seen. For an organisation that is to both represent the long-term commitments Storebrand has to its customers and at the same time be in the driver's seat for digital improvements and innovation, fast and continuous learning is essential.

To communicate, involve and create a common understanding of our purpose, strategy and culture, we make use of learning technologies to give our employees options for flexible and easy access to learning, anywhere and anytime.

DIVERSITY

Storebrand's organisation must reflect our customers and the market in which the Group operates. Diversity contributes to increased innovation and learning in the organisation. In addition, our sustainability analyses show that companies that focus on diversity are more innovative and profitable.

All Storebrand employees are treated equally, regardless of their age, gender, disability, cultural background or sexual orientation. Individual qualities should be respected and valued, and we encourage age diversity among our employees. Age shall not be a decisive criterion, neither during recruitment processes nor later on in the employment relationship.

We make an active effort to ensure that all employees are satisfied regardless of their cultural background. No discrimination is accepted, neither in recruitment processes nor later on in the employment relationship. There shall be a good balance between women and men at all levels of the Company.

We want to have an inclusive recruitment process that is as transparent as possible and encourages diversity among the candidates applying.

We have a zero-tolerance policy against harassment and discrimination, and we strive for equal treatment and equal opportunities in all our internal and external recruitment and development processes.

We are actively working to maintain a gender balance among key employees. Storebrand has for several years worked systematically to identify future managerial candidates and promote an even gender distribution. There has been a focused effort on management development in the areas of strategic and operational management, communication and change.

Storebrand Livsforsikring Group had 1,251 (1,282) employees at year end. The average age at Storebrand is 43, and average seniority is 11 years in Norway and 10 years in Sweden. 36 per cent of the management group at Storebrand Norway and 50 per cent at SPP are women. 45 per cent of the employees in the Norwegian part and 53 per cent of the employees at SPP are women.

By the end of 2020, 29 per cent of Storebrand Livsforsikring AS' board members were women. The proportion of women in executive management is 30 per cent.

The company seeks to ensure equal treatment and opportunities for all internal and external recruitment and development processes.

Storebrand's headquarters outside Oslo has been adapted to meet individual needs. It is a universally designed building, which was re-certified as an Eco-Lighthouse in 2018.

ABSENCE DUE TO ILLNESS

Storebrand's absence due to illness has been at a stable low level for many years. The Storebrand Group's absence due to illness in 2020 was 2.3 per cent. Absence due to illness in Storebrand Livsforsikring AS was 2.3 per cent and for the Swedish business 1.8 per cent. Storebrand has been an "inclusive workplace" (IA) company since 2002, and the Group's managers have over the years built up routines for the follow-up of employees who are ill. All managers with Norwegian employees must complete a mandatory HSE course, in which following up illness is part of the training.

Storebrand's health clinics at the head office in Norway, as well as good health insurance for all employees, are positive contributors to Storebrand's low sickness absence. Storebrand offers employees a service called "Rask tilbake". This is a preventative offer where employees who are at risk of getting sick can get help.

Employees at the head office in Norway can work out in a spinning room, weights room and in a separate sports hall. 65 per cent of the employees in Norway are members of Storebrand Sport. All employees in Sweden are members of SPP Leisure, where they have access to subsidised exercise and wellness services. Like in the head office in Norway, employees have access to a training facility with a variety of activities and organised training.

No personal injury was reported in 2020. No other material injuries or accidents were reported in the Storebrand Group.

MANAGEMENT AND CONTROL

Storebrand Livsforsikring systems for internal control and risk management follows Storebrand Groups guidlines. The guidelines is reviewed annualy.

Storebrand's executive management and Board of Directors review Storebrand's corporate governance policies annually. Storebrand established principles for corporate governance in 1998. Storebrand reports on the policies and practice for corporate governance in accordance with Section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance of 17 October 2018. For further information on Storebrand's corporate governance, reference is made to a separate article on corporate governance in the annual report for 2020.

Storebrand Livsforsikring Group publishes four interim financial statements, in addition to the ordinary annual financial statements. The financial statements must satisfy legal and regulatory requirements and be prepared in accordance with the adopted accounting policies and published according to the schedule adopted by the Board of Storebrand ASA. Storebrand Livsforsikring's accounts are prepared by the Group Accounts department which is under the Storebrand Group's CFO. Key managers in Group Accounts have a fixed annual remuneration that is not affected by the group's financial results. A series of risk assessment and control measures have been established in connection with the preparation of the financial statements. Internal meetings are held, as well as meetings in which external auditors participate, to identify risk conditions and measures in connection with significant accounting items or other circumstances. Corresponding quarterly meetings are also held with various professional centres in the group that are key to the assessment and valuation of financial instruments, real estate, determination of insurance liabilities as well as other items for assessment. These meetings have a particular focus on any market changes, specific conditions relating to default trends, specific conditions related to the insurance business, operational conditions etc.

Assessments relating to significant accounting items and any changes in principles etc. are described in a separate document (assessment item memo). The external auditor participates in board meetings that deal with the quarterly accounts and annual accounts, as well as in meetings of the audit committee of Storebrand ASA. Monthly and quarterly operating reports are prepared in which the results per business area and product area are analysed and assessed against set budgets. The operating reports are reconciled against other financial reporting. Otherwise, continuous reconciliation of specialist systems, etc. takes place against the accounting system.

The work of the Board is regulated by special rules of procedure for the Board. The board of Storebrand ASA has also compiled a management document and specific instruction for the boards in subsidiaries. The Board has established three advisory committees: the Compensation Committee, Audit Committee and Risk Committee.

Storebrand Livsforsikring's articles of association stipulate that the company shall have the same nomination committee as Storebrand ASA, and hence is part of Storebrand Group's process for appointing and replacing Board members.

Storebrand Livsforsikring has no provisions in the articles of associations nor has it issued any authorities that allow the Board to resolve that the company shall repurchase or issue own shares or equity capital certificates.

In 2020, a total of 16 board meetings were held, one of them a strategy meeting.

CHANGES IN THE BOARD

Employee elected representative Kari Birkeland has been replaced with Hanne Seim Grave.

The Board wishes to thank the retiring members of the Board of Directors for their valuable contributions to the company.

STOREBRAND LIVSFORSIKRING AS

The profit before tax was NOK 1 390 million (NOK 2 168 million). Results are discussed under each individual segment. The following factors have had an effect on the company accounts, but no effect on the consolidated accounts. There are received dividends and group contributions from subsidiaries of NOK 976 million (NOK 786 million) in 2020. In addition, a write-down og subsidiaries of NOK 413 million (0 million) has been made, and sales of subsidiaries without group effect have resulted in a gain of NOK 68 million (0 million) in the company accounts.

APPLICATION OF THE YEARS RESULT

The Board of Directors proposes to the General Meeting the following allocation of profit for the year:

Other equity	minus 488 million
Net paid group contribution	2 220 million
Total allocated	1 732 million

Lysaker, 9 February 2021
The Board of Directors of Storebrand Livsforsikring AS

Translations – not to be signed

Odd Arild Grefstad
Chairman of the Board

Martin Skancke | Vibeke Hammer Madsen | Hanne Seim Grave

Jørn Hilstad | Hans Henrik Klouman | Jan Otto Risebrobakken

Geir Holmgren
Chief Executive Officer

Notes to the accounts

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Storebrand Livsforsikring Group

Statement of Comprehensive income

1. january - 31. december

NOK million	Note	2020	2019
TECHNICAL ACCOUNT:			
Gross premiums written		27,379	24,988
Reinsurance premiums ceded		-11	-11
Premium reserves transferred from other companies		15,437	6,239
Premiums for own account	12	**42,805**	**31,216**
Income from investments in subsidiaries, associated companies and joint ventures companies	30	473	285
Interest income and dividends etc. from financial assets	16	6,992	7,790
Net operating income from properties	17	1,018	1,003
Changes in investment value	16	3,028	5,053
Realised gains and losses on investments	16	2,918	2,235
Total net income from investments in the collective portfolio	12	**14,429**	**16,367**
Income from investments in subsidiaries, associated companies and joint ventures companies	30	96	56
Interest income and dividends etc. from financial assets	16	919	379
Net operating income from properties	17	168	148
Changes in investment value	16	10,396	29,870
Realised gains and losses on investments	16	4,838	1,941
Total net income from investments in the investment selection portfolio	12	**16,418**	**32,394**
Other insurance related income	12,18	**1,426**	**1,344**
Gross claims paid		-20,372	-19,591
Claims paid - reinsurance		15	10
Premium reserves etc. transferred to other companies		-8,152	-6,357
Claims for own account	12	**-28,509**	**-25,938**
To/from premium reserve, gross		-353	-531
To/from additional statutory reserves		-2,460	-768
Change in marketvalue adjustment fund		-1,670	-3,255
Change in premium fund, deposit fund and the pension surplus fund		-3	-2
To/from technical reserves for non-life insurance business		-106	-8
Change in conditional bonus		-223	-1,858
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds		27	-11
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	12	**-4,788**	**-6,433**
Change in pension capital		-36,761	-43,761
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	12	**-36,761**	**-43,761**
Profit on investment result		-508	-199
Risk result allocated to insurance contracts		-113	-196
Other allocation of profit		-84	-43
Funds allocated to insurance contracts	12	**-705**	**-438**

NOK million	Note	2020	2019
Management expenses		-211	-189
Selling expenses	20	-782	-788
Change in pre-paid direct selling expenses	20	68	51
Insurance-related administration expenses (incl. commissions for reinsurance received)		-1,468	-1,565
Insurance-related operating expenses	12	**-2,393**	**-2,492**
Other insurance related expenses	12,24	**-279**	**-388**
Technical insurance profit		**1,643**	**1,871**
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint ventures companies	30	19	15
Interest income and dividends etc. from financial assets	16	454	448
Changes in investment value	16	30	113
Realised gains and losses on investments	16	-114	83
Net income from investments in company portfolio		**388**	**660**
Other income	19	**198**	**173**
Management expenses		-19	-18
Other expenses	25	-875	-831
Management expenses and other costs linked to the company portfolio		**-894**	**-849**
Profit or loss on non-technical account		**-307**	**-16**
Profit before tax		**1,336**	**1,855**
Tax expenses	26	344	-333
Profit before other comprehensive income		**1,679**	**1,522**
Change in actuarial assumptions	21	-88	14
Fair value adjustment of properties for own use	29	83	-22
Other comprehensive income allocated to customers		-83	22
Tax on other profit elements not to be reclassified to profit/loss	26	10	9
Other comprehensive income not to be reclassified to profit/loss		**-78**	**23**
Profit/loss cash flow hedging	41	-32	-36
Translation differences foreign exchange		282	-164
Other profit comprehensive income that may be reclassified to profit /loss		**250**	**-201**
Other comprehensive income		**172**	**-177**
TOTAL COMPREHENSIVE INCOME		**1,851**	**1,345**
PROFIT IS ATTRIBUTABLE TO:			
Share of profit for the period - shareholders		1,679	1,515
Share of profit for the peride - non-controlling interests			7
COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:			
Share of profit for the period - shareholders		1,851	1,347
Share of profit for the peride - non-controlling interests			-2

Storebrand Livsforsikring Group
Statement of financial position
31. December

NOK million	Note	2020	2019
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Goodwill	27	831	750
Other intangible assets	27	3,195	3,073
Total intangible assets		**4,026**	**3,824**
Properties at fair value	11,29	50	49
Equities and units in subsidiaries, associated companies and joint ventures	30	133	114
Loans at amoritsed cost	9,11,28	2	2
Bonds at amortised cost	9,11,28,32	7,361	7,119
Deposits at amortised cost	9,28	434	582
Equities and fund units at fair value	11,28,32	102	25
Bonds and other fixed-income securities at fair value	9,11,28,33	17,350	19,914
Derivatives at fair value	11,28,34	1,316	1,122
Total investments		**26,747**	**28,926**
Receivables in connection with direct business transactions		263	310
Receivables in connection with reinsurance transactions		1	17
Receivables with group company		106	112
Other receivables	36	4,953	3,206
Total receivables		**5,323**	**3,645**
Tangible fixed assets	35	700	325
Cash, bank	9,28	1,785	1,814
Tax assets	26	1,723	1,566
Other assets designated according to type		67	67
Total other assets		**4,275**	**3,772**
Pre-paid direct selling expenses		717	583
Other pre-paid costs and income earned and not received		160	138
Total pre-paid costs and income earned and not received		**877**	**721**
Total assets in company portfolio		**41,249**	**40,887**
ASSETS IN CUSTOMER PORTFOLIOS			
Properties at fair value	11,29	27,652	25,526
Properties for own use	11,29	1,609	1,375
Equities and units in subsidiaries, associated companies and joint ventures	30	5,044	3,352
Bonds held to maturity	9,11,28,31	13,026	13,377
Bonds at amortised cost	9,11,28,32	92,846	89,790
Loans at amortised cost	9,11,28	23,733	23,735
Deposits at amortised cost	9,28	9,390	6,163
Equities and fund units at fair value	11,28,32	21,839	25,677
Bonds and other fixed-income securities at fair value	9,11,28,33	97,223	83,881
Loans at fair value	9,11,28	7,523	6,393
Derivatives at fair value	11,28,34	6,535	3,122
Total investments in collective portfolio		**306,419**	**282,391**
Reinsurance share of insurance obligations		**24**	**69**

NOK million	Note	2020	2019
Properties at fair value	11,29	4,415	3,839
Equities and units in subsidiaries, associated companies and joint ventures	30	1,123	693
Loans at amortised cost	9,11,28	36	
Deposits at amortised cost	9,28	900	1,312
Equities and fund units at fair value	11,28,32	208,607	168,344
Bonds and other fixed-income securities at fair value	9,11,28,33	50,939	44,245
Loans at fair value	9,11,28	142	343
Derivatives at fair value	11,28,34	2,052	1,009
Total investments in investment selection portfolio		**268,215**	**219,786**
Total assets in customer portfolio		**574,657**	**502,246**
TOTAL ASSETS		**615,906**	**543,133**
EQUITY AND LIABILITIES			
Share capital		3,540	3,540
Share premium		9,711	9,711
Other paid in equity		599	88
Total paid in equity		**13,850**	**13,339**
Risk equalisation fund		438	466
Security reserves		5	5
Other earned equity		11,323	11,627
Non-controlling interests		69	113
Total earned equity		**11,835**	**12,211**
Perpetual subordinated loans		1,100	1,974
Dated subordinated loans		7,734	6,675
Total subordinated loans and hybrid tier 1 capital	9,11,28	**8,834**	**8,649**
Premium reserves		263,383	253,582
Additional statutory reserves		11,380	9,023
Market value adjustment reserve		7,170	5,500
Premium fund, deposit fund and the pension surplus fund		2,266	2,016
Conditional bonus		10,769	9,302
Other technical reserve		702	649
Total insurance obligations in life insurance - contractual obligations	37,38	**295,671**	**280,072**
Pension capital		268,331	219,793
Total insurance obligations in life insurance - investment portfolio separately	37,38	**268,331**	**219,793**
Pension liabilities etc.	21	180	100
Deferred tax	26	647	527
Other provisions for liabilities		115	127
Total provisions for liabilities		**942**	**754**
Liabilities in connection with direct insurance		695	1,015
Liabilities in connection with reinsurance		11	3
Derivatives	11,28,34	886	932
Liabilities to group companies		29	33
Other liabilities	39	14,276	5,560
Total liabilities		**15,897**	**7,543**
Other accrued expenses and received, unearned income		546	772
Total accrued expenses and received, unearned income		**546**	**772**
TOTAL EQUITY AND LIABILITIES		**615,906**	**543,133**

Lysaker, 9 February 2021
The Board of Directors of Storebrand Livsforsikring AS

Translations – not to be signed

Odd Arild Grefstad
Chairman of the Board

Martin Skancke
Vibeke Hammer Madsen
Hanne Seim Grave

Jørn Hilstad
Hans Henrik Klouman
Jan Otto Risebrobakken

Geir Holmgren
Chief Executive Officer

Statement of change in equity Storebrand Livsforsikring Group

	Majority's share of equity								
NOK million	Share capital	Share premium	Other paid in equity	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Non-controlling interests	Total equity
Equity at 31.12.2018	3,540	9,711		13,251	234		13,714	**114**	**27,313**
Profit for the period					232	5	1,278	7	1,522
Other comprehensive income							-175	-2	-177
Total comprehensive income for the period					**232**	**5**	**1,102**	**6**	**1,345**
Equity transactions with owner:									
Received dividend/group contributions			88	88					88
Paid dividend/group contributions							-3,221		-3,221
Other							33	-7	26
Equity at 31.12.2019	**3,540**	**9,711**	**88**	**13,339**	**466**	**5**	**11,628**	**113**	**25,550**
Profit for the period							1,699	7	1,679
Other comprehensive income					-27		164	8	172
Total comprehensive income for the period							**1,864**	**15**	**1,851**
Equity transactions with owner:									
Received dividend/group contributions			511	511					511
Paid dividend/group contributions							-2,220		-2,220
Other							52	-59	-7
Equity at 31.12.2020	**3,540**	**9,711**	**599**	**13,850**	**466**	**5**	**11,323**	**69**	**25,686**

Statement of cash flow Storebrand Livsforsikring 1. January - 31. December

Storebrand Livsforsikring group			Storebrand Livsforsikring AS	
2019	2020	NOK million	2020	2019
		Cash flow from operational activities		
25,236	27,431	Net received - direct insurance	18,147	17,104
-19,913	-20,625	Net claims/benefits paid - direct insurance	-12,500	-12,529
-118	7,285	Net receipts/payments - policy transfers	1,030	-1,368
-765	184	Net change insurance liabilities	54	-260
-2,492	-2,393	Net receipts/payments operations	-1,362	-1,509
3,643	1,159	Net receipts/payments - other operational activities	-663	341
5,591	**13,042**	**Net cash flow from operating activities before financial assets**	**4,705**	**1,780**
310	-195	Net receipts/payments - loans to customers	22	1,556
-1,148	-7,424	Net receipts/payments - financial assets	-2,701	2,115
-368	-511	Net receipts/payments - property activities		
-2,092	-2,657	Net change bank deposits insurance customers	-1,556	-2,770
-3,298	**-10,786**	**Net cash flow from operating activities from financial assets**	**-4,235**	**901**
2,293	**2,256**	**Net cash flow from operating activities**	**470**	**2,681**
		Cash flow from investing activities		
	-28	Net payments - sale/purchase of subsidiaries	279	
-14	-30	Net receipts/payments - sale/purchase of fixed assets	-6	-15
-14	**-58**	**Net cash flow from investing activities**	**273**	**-15**
		Cash flow from financing activities		
927	499	Receipts - subordinated loans issued	499	927
-128	-872	Repayment of subordinated loans	-872	-128
-355	-381	Payments - interest on subordinated loans	-381	-355
110	682	Payments received of dividend and group contribution	1,293	110
-3,200	-2,202	Payment of dividend and group contribution	-1,526	-3,200
-2,646	**-2,274**	**Net cash flow from financing activities**	**-986**	**-2,646**
-367	**-76**	**Net cash flow for the period**	**-243**	**20**
2,931	10,710	of which net cash flow for the period before financial assets	3,992	-881
-367	-76	Net movement in cash and cash equivalent assets	-243	20
2,717	2,396	Cash and cash equivalents at the start of the period	1,410	1,390
46	-102	Currency translation differences		
2,396	**2,218**	**Cash and cash equivalent assets at the end of the period**	**1,167**	**1,410**

Storebrand Livsforsikring AS

Statement of Comprehensive income

1. January - 31. December

NOK million	Note	2020	2019
TECHNICAL ACCOUNT:			
Gross premiums written		18,099	16,905
Reinsurance premiums ceded		-9	-8
Premium reserves transferred from other companies	15	6,051	3,139
Premiums for own account	12,13	**24,142**	**20,036**
Income from investments in subsidiaries, associated companies and joint ventures companies	30	1,397	3,461
of which from investment in property companies		1,397	1,302
Interest income and dividends etc. from financial assets	16	5,389	5,389
Changes in investment value	16	1,622	1,702
Realised gains and losses on investments	16	1,901	-455
Total net income from investments in the collective portfolio	12	**10,308**	**10,097**
Income from investments in subsidiaries, associated companies and joint ventures companies	30	355	3,870
of which from investment in rproperty companies		357	289
Interest income and dividends etc. from financial assets	16	919	64
Changes in investment value	16	5,268	8,534
Realised gains and losses on investments	16	4,839	1,430
Total net income from investments in the investment selection portfolio	12	**11,381**	**13,897**
Other insurance related income	12,18	**815**	**824**
Gross claims paid		-12,278	-12,226
Claims paid - reinsurance		14	9
Premium reserves etc. transferred to other companies	15	-5,021	-4,506
Claims for own account	12	**-17,285**	**-16,723**
To/from premium reserve, gross	38	554	543
To/from additional statutory reserves	38	-2,460	-768
Change in marketvalue adjustment fund	38	-1,670	-3,255
Change in premium fund, deposit fund and the pension surplus fund	38	-3	-2
To/from technical reserves for non-life insurance business	38	-106	-8
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	15	27	-11
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	12	**-3,658**	**-3,501**
Change in pension capital		-22,580	-21,134
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	12	**-22,580**	**-21,134**
Profit on investment result	38	-508	-199
Risk result allocated to insurance contracts	38	-113	-196
Other allocation of profit		-84	-43
Funds allocated to insurance contracts	12	**-705**	**-438**
Management expenses		-211	-189
Selling expenses	20	-216	-269
Insurance-related administration expenses (incl. commissions for reinsurance received)		-936	-1,051
Insurance-related operating expenses	12	**-1,362**	**-1,509**
Other insurance related expenses after reinsurance share	12,24	**-247**	**-368**
Technical insurance profit		**808**	**1,180**

NOK million	Note	2020	2019
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint ventures companies	30	1,117	546
Interest income and dividends etc. from financial assets	16	418	448
Changes in investment value	16	35	102
Realised gains and losses on investments	16	-581	279
Net income from investments in company portfolio		**989**	**1,374**
Other income	19	**4**	**22**
Management expenses		-19	-18
Other expenses	25	-392	-390
Total management expenses and other costs linked to the company portfolio		**-411**	**-408**
Profit or loss on non-technical account		**582**	**988**
Profit before tax		**1,390**	**2,168**
Tax expenses	26	369	-322
PROFIT BEFORE OTHER COMPREHENSIVE INCOME		**1,759**	**1,846**
Change in actuarial assumptions	21	-3	-4
Tax on other profit elements not to be reclassified to profit/loss	26	8	10
Other comprehensive income not to be reclassified to profit/loss		**5**	**6**
Profit/loss cash flow hedging	41	-32	-36
Other profit comprehensive income that may be reclassified to profit /loss		**-32**	**-36**
Other comprehensive income		**-27**	**-30**
TOTAL COMPREHENSIVE INCOME		**1,732**	**1,816**

Storebrand Livsforsikring AS
Statement of financial position
31. December

NOK million	Note	2020	2019
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Other intangible assets	27	419	338
Total intangible assets		**419**	**338**
Equities and units in subsidiaries, associated companies and joint ventures	30	13,225	12,814
Loans at amortised cost	9,11,28		1
Bonds at amortised cost	9,11,28,31	7,361	7,119
Deposits at amoritsed cost	9	373	508
Equities and fund units at fair value	11,28,32	51	24
Bonds and other fixed-income securities at fair value	9,11,28,33	10,748	11,675
Loans at fair value	9,11,28	12	
Derivatives at fair value	9,11,28,34	1,316	1,122
Total investments		**33,085**	**33,262**
Receivables in connection with direct business transactions		257	305
Receivables in connection with reinsurance transactions		1	9
Receivables with group company	30	753	770
Other receivables	36	1,474	356
Total receivables		**2,485**	**1,439**
Tangible fixed assets	35	14	19
Cash, bank	9,28	794	902
Tax assets	26	1,547	1,340
Total other assets		**2,355**	**2,261**
Other pre-paid costs and income earned and not received		27	25
Total pre-paid costs and income earned and not received		**27**	**25**
Total assets in company portfolio		**38,371**	**37,326**
ASSETS IN CUSTOMER PORTFOLIOS			
Equities and units in subsidiaries, associated companies and joint ventures	30	21,155	28,662
of which investment in property companies		21,104	19,565
Bonds held to maturity	9,11,28,31	13,026	13,377
Bonds at amortised cost	9,11,28,31	92,846	89,790
Loans at amoritsed cost	9,11,28	23,733	23,735
Deposits at amoritsed cost	9,28	6,499	4,444
Equities and fund units at fair value	11,28,32	11,902	7,860
Bonds and other fixed-income securities at fair value	9,11,28,33	27,035	22,173
Loans at fair value	9,11,28	104	
Derivatives at fair value	9,11,28,34	4,247	1,080
Total investments in collective portfolio		**200,546**	**191,121**
Reinsurance share of insurance obligations		**15**	**67**
Equities and units in subsidiaries, associated companies and joint ventures	30	5,601	20,077
of which investment in property companies		5,586	4,643
Loans at amoritsed cost	9,11,28	36	
Deposits at amoritsed cost	9,28	488	986
Equities and fund units at fair value	11,28,32	86,267	54,990
Bonds and other fixed-income securities at fair value	9,11,28,33	42,340	37,138
Loans at fair value	9,11,28	171	343
Derivatives at fair value	9,11,28,34	2,052	1,009
Total investments in investment selection portfolio		**136,955**	**114,544**
Total assets in customer portfolios		**337,515**	**305,732**
TOTAL ASSETS		**375,886**	**343,058**

NOK million	Note	2020	2019
EQUITY AND LIABILITIES			
Share capital		3,540	3,540
Share premium		9,711	9,711
Other paid in equity		1,110	599
Total paid in equity		**14,361**	**13,850**
Risk equalisation fund		438	466
Security reserves		5	5
Other earned equity		10,729	11,190
Total earned equity		**11,172**	**11,661**
Perpetual subordinated loans		1,100	1,974
Dated subordinated loans		7,734	6,675
Total subordinated loans and hybrid tier 1 capital	8,11,28	**8,834**	**8,649**
Premium reserves		172,089	171,973
Additional statutory reserves		11,380	9,023
Market value adjustment reserve		7,170	5,500
Premium fund, deposit fund and the pension surplus fund		2,266	2,016
Other technical reserve		702	649
Total insurance obligations in life insurance - contractual obligations	37,38	**193,607**	**189,161**
Pension capital		137,089	114,538
Total insurance obligations in life insurance - investment portfolio separately	37,38	**137,089**	**114,538**
Pension liabilities etc.	21	7	7
Total provisions for liabilities		**7**	**7**
Liabilities in connection with direct insurance		469	758
Derivatives	9,11,28,34	401	421
Liabilities to group companies		2,254	2,257
Other liabilities	39	7,553	1,450
Total liabilities		**10,678**	**4,886**
Other accrued expenses and received, unearned income		137	305
Total accrued expenses and received, unearned income		**137**	**305**
TOTAL EQUITY AND LIABILITIES		**375,886**	**343,058**

Lysaker, 9 February 2021
The Board of Directors of Storebrand Livsforsikring AS

Translations – not to be signed

Odd Arild Grefstad
Chairman of the Board

Martin Skancke | Vibeke Hammer Madsen | Hanne Seim Grave

Jørn Hilstad | Hans Henrik Klouman | Jan Otto Risebrobakken

Geir Holmgren
Chief Executive Officer

Statement of change in equity Storebrand Livsforsikring AS

NOK million	Share capital [1]	Share premium reserve	Other paid in capital	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Total equity
Equity at 31.12.2018	**3,540**	**9,711**	**84**	**13,335**	**233**		**11,812**	**25,381**
Profit for the period					232	5	1,609	1,846
Other comprehensive income							-30	-30
Total comprehensive income for the period					**232**	**5**	**1,578**	**1,816**
Equity transactions with owner:								
Received dividend/group contributions			515	515				515
Paid dividend/group contributions							-2,200	-2,200
Other								
Equity at 31.12.2019	**3,540**	**9,711**	**599**	**13,850**	**466**	**5**	**11,190**	**25,511**
Profit for the period					-27		1,787	1,759
Other comprehensive income							-27	-27
Total comprehensive income for the period					**-27**		**1,759**	**1,732**
Equity transactions with owner:								
Received dividend/group contributions			511	511				511
Paid dividend/group contributions							-2,222	-2,222
Other							1	1
Equity at 31.12.2020	**3,540**	**9,711**	**1,110**	**14,361**	**438**	**5**	**10,729**	**25,533**

1) 35 404 200 shares of NOK 100 per value.

Notes

Note 1 - Company information and accounting policies

1. COMPANY INFORMATION

Storebrand Livsforsikring AS is a Norwegian limited liability company with bonds listed on the Oslo Stock Exchange. The company's financial statements for 2020 were approved by the board on 9 February 2021.

Storebrand Livsforsikring Group offers products within life insurance to private individuals, companies and public sector entities in Norway and Sweden. The Group is divided into the segments Savings, Insurance, Guaranteed Pension and Other.

The Group's head office is located at Professor Kohts vei 9, in Lysaker, Norway.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies applied in the consolidated financial statements are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances. There is no required use of uniform accounting policies for insurance contracts and this exemption is applied for insurance contracts in the consolidated financial statements. This is discussed in section 14.

The financial statements are prepared in accordance with accounting regulations for life insurance company from the FSA for the parent company and the consolidated financial statements are presented using EU-approved International Financial Reporting Standards (IFRS) and related interpretations, as well as other Norwegian disclosure requirements laid down in legislation and regulations.

USE OF ESTIMATES WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS.
The preparation of the consolidated financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See Note 2 for further information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR MATERIAL ITEMS ON THE BALANCE SHEET

For the most part, the asset side of the Group's balance sheet comprises financial instruments and investment properties and a differentiation is made between assets in the company portfolio (shareholders) and assets belonging to the customer portfolio. This split is due to the fact that the Group has a significant life insurance business in which customer assets must be kept separate from the company's assets.

FINANCIAL INSTRUMENTS - IFRS 9
IFRS 9 Financial Instruments replaces IAS 39, and was generally applicable from 1 January 2018. However, for insurance-dominated groups and companies, IFRS 4 allows for the implementation of IFRS 9 to be deferred until implementation of IFRS 17. The Storebrand Group qualifies for temporary deferral of IFRS 9 because over 90 per cent of the Group's total liabilities as at 31 December 2015 were linked to the insurance businesses. For the Storebrand Group, IFRS 9 will be implemented together with IFRS 17, which is expected to be applicable from 1 January 2023.

The Storebrand Group has conducted a provisional analysis of the classification and measurement of financial instruments in accordance with the present IAS 39 for the transition to IFRS9, based on the current business model for the individual instruments. For debt instruments that are expected to be classified and measured at amortised cost or fair value through total comprehensive income upon transition to IFRS9, a SPPI ("Solely payment of principal and interest") test is carried out. This is a provisional categorisation under IFRS9, based on the present asset allocation. No assessments have been made of any changes in classification and measurement of financial assets under IFRS9 in connection with the transition to IFRS17.

IFRS 9 CLASSIFICATION FINANCIAL INSTRUMENTS (IFRS 4, 39E)

IFRS 9 - FINANCIAL INSTRUMENTS TO AMORTISED COST AND FVOCI

NOK million	IAS 39 classification	IFRS 9 classification	Booked value after IAS 39 1.1.2020	Fair value after IFRS 9 1.1.2020	Booked value after IAS 39 31.12.2020	Fair value after IFRS 9 31.12.2020
Financial assets						
Bank deposits	AC	AC	9,871	9,871	12,508	12,508
Bonds and other fixed-income securities	AC	AC	110,287	115,021	113,233	122,317
Loans to customers	AC	FVOCI	23,736	23,736	23,771	23,771
Accounts receivable and other short-term receivables	AC	AC	4,253		6,095	6,095
Total financial assets			148,147	152,881	155,607	164,690
Sum finansielle eiendeler			**148 147**	**152 881**	**155 607**	**164 690**
Financial liabilities						
Subordinated loan capital	AC	AC	8,649	8,729	8,834	8,834
Other current liabilities	AC	AC	7,168	7,168	14,958	14,958
Total financial liabilities			**15,817**	**15,898**	**23,793**	**23,793**

IFRS 9 - FINANCIAL INSTRUMENTS AT FAIR VALUE

NOK million	IAS 39 classification	IFRS 9 classification	Booked value after IAS 39 1.1.2020	Fair value after IFRS 9 1.1.2020	Booked value after IAS 39 31.12.2020	Fair value after IFRS 9 31.12.2020
Financial assets						
Shares and fund units	FVP&L (FVO)	FVP&L	194,045	194,045	230,548	230,548
Bonds and other fixed-income securities	FVP&L (FVO)	FVP&L	148,040	148,040	165,513	165,513
Loans to customers	FVP&L (FVO)	FVP&L	6,736	6,736	7,665	7,665
Derivatives	FVP&L/ Hedge accounting	FVP&L/ Hedge accounting	5,253	5,253	9,903	9,903
Total financial assets			**354,074**	**354,074**	**413,629**	**413,629**
Financial liabilities						
Derivatives	FVP&L/ Hedge accounting	FVP&L/ Hedge accounting	932	932	886	886
Total financial liabilities			**932**	**932**	**886**	**886**

A large majority of the financial assets are measured at fair value (the fair value option is used), whilst other financial instruments that are included in the categories Loans and receivables and Held to maturity are measured at amortised cost. Financial assets measured at amortised cost are largely related to Norwegian pension liabilities with annual interest rate guarantee.

Investment properties are measured at fair value.

Intangible assets comprise excess value relating to insurance contracts and customer relations acquired in connection with a business combination and acquired and self-developed IT solutions. This excess value is measured at acquisition cost less annual amortisation and write-downs.

For the most part, the liabilities side of the Group's balance sheet comprises financial instruments (liabilities) and provisions relating to future pension and insurance payments (insurance liabilities). With the exception of derivatives, financial liabilities are measured at amortised cost.

Insurance liabilities must be adequate and cover liabilities relating to issued insurance contracts. Various methods and principles are used in the Group when assessing the reserves for different insurance contracts. A considerable part of the insurance liabilities relate to insurance contracts with interest guarantees. The recognised liabilities related to Norwegian insurance contracts with guaranteed interest rates are discounted by the basic interest rate (which corresponds to the guaranteed return/interest rate) for the respective insurance contracts.

The recognised liabilities related to the Swedish insurance contracts with guaranteed interest rates in the subsidiary SPP are discounted by an observable market interest rate and by an estimated market interest rate for terms to maturity when no observable interest rate is available and corresponds essentially to the same interest rate that is used in the solvency calculations.

In the case of unit-linked insurance contracts, reserves for the savings element in the contracts will correspond to the value of related asset portfolios.

Due to the fact that the customers' assets in the life insurance business (guaranteed pension) have historically yielded a return that has exceeded the increased value in guaranteed insurance liabilities, the excess amount has been set aside as customer buffers (liabilities), including in the form of additional reserves, value adjustment reserve and conditional bonus.

Insurance liabilities include Incurred But Not Settled (IBNS) reserves, which consist of amounts reserved for claims either incurred but not yet reported or reported but not yet settled (Incurred But Not Reported "IBNR" and Reported But Not Settled "RBNS"). IBNS reserves are included in the premium reserve.

IBNS reserves are measured using actuarial models based on historical information about the portfolio.

4. CHANGES IN ACCOUNTING POLICIES

New accounting standards that have a significant impact on the consolidated financial statements have not been implemented in 2020. For changes in estimates, see Note 2 for further information.

5. NEW IFRS THAT HAVE NOT ENTERED INTO FORCE

New standards and changes in standards that have not come into effect.

IFRS 17:
IFRS 17 replaces IFRS 4 Insurance Contracts and introduces new requirements for the recognition, measurement, presentation and disclosure of issued insurance contracts. The standard has not been approved by the EU, but is expected to be applicable from 1 January 2023. The purpose of the new standard is to establish uniform practices for the accounting treatment of insurance contracts.

IFRS 17 is a comprehensive and complex standard, with fundamental differences to the present standard for measuring liabilities and recognising earnings. Insurance contracts must be recognised at the risk-adjusted present value of future cash flows, with the addition of unearned profit in a group of contracts (Contractual Service Margin = CSM). Loss-making contracts must be recognised immediately.

As a starting point, IFRS 17 must be retrospectively applied, but modified retrospective transition method or application is permitted or application based on the fair value on the transition date if retrospective application is impracticable.

The implementation date is 1 January 2023, with a requirement that comparable figures are stated.

Storebrand is working on preparing for implementation of IFRS17, including assessing the effects implementation of IFRS17 will have for Storebrand's consolidated financial statements.

There are no other new or changed accounting standards that have not entered into force that are expected to have a significant effect on Storebrand's consolidated financial statements.

6. CONSOLIDATION

For Storebrand Livsforsikring AS (the parent company), subsidiaries that are included in the collective portfolio are recognised according to the equity method, while subsidiaries that are included in the company portfolio are recognised according to the cost method. For subsidiaries that prepare accounts in accordance with principles other than those that apply to the insurance company, the subsidiary's financial statements are restated to comply with the principles under which the insurance company's accounts are prepared.

The consolidated financial statements combine Storebrand Livsforsikring AS and companies where Storebrand Livsforsikring AS has a controlling interest. Minority interests are included in the Group's equity, unless there are options or other conditions that entail minority interests being measured as liabilities.

Storebrand Livsforsikring AS also owns the Swedish holding company Storebrand Holding AB, which in turn owns SPP Pension & Försäkring AB (publ), wich in turn owns Euroben Life & Pension. On acquiring the Swedish operations in 2007, the authorities instructed Storebrand to make an application to maintain a group structure by the end of 2009. Storebrand has filed an application to maintain the existing group structure.

Investments in associated companies (normally investments of between 20 per cent and 50 per cent of the company's equity) in which the Group exercises significant influence, and investments in joint ventures are recognised in accordance with the equity method. Investments in associated companies and joint ventures are initially recognised at acquisition cost.

CURRENCIES AND TRANSLATION OF FOREIGN COMPANIES' ACCOUNTS

The Group's presentation currency is Norwegian kroner. Foreign companies that are part of the Group and have different functional currencies are converted to Norwegian kroner. Translation differences are included in the total comprehensive income.

ELIMINATION OF INTERNAL TRANSACTIONS

Internal receivables and payables, internal gains and losses, interest, dividends and similar between companies in the Group are eliminated in the consolidated financial statements. Transactions between the customer portfolios and the company portfolio in the life insurance business and between the customer portfolios in the life insurance business and other companies in the Group will not be eliminated in the consolidated accounts. The reason for this is that the result in the customer portfolio is assigned to the customers each financial year and must not influence the result and equity of the company. Pursuant to the life insurance regulations, transactions with customer portfolios are carried out a fair value.

7. BUSINESS COMBINATIONS

The acquisition method is applied when accounting for acquisition of businesses. The consideration is measured at fair value. The direct acquisition expenses are expensed when they arise, with the exception of expenses related to raising debt or equity (new issues).

When making investments in subsidiaries, including purchasing investment properties, a decision is made as to whether the purchase constitutes acquisition of a business pursuant to IFRS 3. When such acquisitions are not regarded as an acquisition of a business, the acquisition method pursuant to IFRS 3 is not applied. Among other things, this does not entail provisions for deferred tax such as for business combinations.

8. SEGMENT INFORMATION

The segment information is based on the internal financial reporting structure of the most senior decision-maker. At Storebrand, the executive management is responsible for following-up and evaluating the results of the segments and is defined as the most senior decision-maker. Four segments are reported for:

- Savings
- Insurance
- Guaranteed Pension
- Other

There are some differences between the result lines used in the income statement and the segment results. The Group's income statement includes gross income and costs linked to both the insurance customers and owners (shareholders). The segment results only include result elements relating to owners (shareholders) which are the result elements that the Group has performance measures and follow-up for.

Financial services provided between segments are priced at market terms. Services provided from joint functions and staff are charged to the different segments based on supply agreements and distribution keys.

9. INCOME RECOGNITION

PREMIUM INCOME

Net premium income includes the year's premiums written (including savings elements, administration premium, fees for issuing Norwegian interest rate guarantees and profit element risk), premium reserves transferred and ceded reinsurance. Annual premiums are generally accrued on a straight-line basis over the coverage period.

INCOME FROM PROPERTIES AND FINANCIAL ASSETS

Income from properties and financial assets are described in Sections 12 and 13.

OTHER INCOME
Fees are recognised when the income can be measured reliably and is earned. Return-based revenues and performance fees are recognised when the uncertainty associated with the income is no longer present. Fixed fees are recognised as income in line with delivery of the service.

10. GOODWILL AND INTANGIBLE ASSETS

Added value when acquiring a business that cannot be directly attributable to assets or liabilities on the date of the acquisition is classified as goodwill on the balance sheet. Goodwill is measured at acquisition cost on the date of the acquisition and classified as an intangible asset.

Goodwill is not amortised, instead it is tested for impairment. Goodwill is tested for impairment annually when assessing the recoverable amount or if there are indications that impairment has occurred. Goodwill is allocated to the relevant cash generating units that are expected to benefit from the acquisition so that it can subsequently be tested for impairment. If the discounted cash flow for the cash-generating unit(s) that goodwill is allocated to is lower than the recognised value, goodwill will be written down. Reversal of an impairment loss for goodwill is prohibited even if information later comes to light showing that there is no longer a need for the write-down or the impairment loss has been reduced.

Intangible assets with limited useful economic lives are measured at acquisition cost less accumulated amortisation and any write downs. The useful life and amortisation method are measured each year. With initial recognition of intangible assets in the balance sheet, it must be demonstrated that probable future economic benefits attributable to the asset will flow to the Group. The acquisition cost of the asset must also be reliably estimated. The value of an intangible asset is tested for impairment when there are indications that its value has been impaired, normally by the related cash-generating unit(s) being tested. Intangible assets are otherwise subject to write-downs and reversals of write-downs in the same manner as described for tangible fixed assets.

11. ADEQUACY TEST FOR INSURANCE LIABILITIES AND RELATED EXCESS VALUES

A liability adequacy test must be conducted of the insurance liability pursuant to IFRS 4 each time the financial statements are presented. The test conducted in Storebrand's consolidated financial statements is based on the Group's calculation of capital.

12. INVESTMENT PROPERTIES

Investment properties are measured at fair value. Fair value is the amount for which an asset could be exchanged between well-informed, willing parties in an arm's length transaction. Income from investment properties consists of both changes in fair value and rental income.

Investment properties primarily consist of centrally located office buildings, shopping centres and logistics buildings. Investment properties are properties leased to tenants outside the Group. In the case of properties partly occupied by the Group for its own use and partly let to tenants, the identifiable tenanted portion is treated as an investment property. All properties are measured at fair value and the changes in value are allocated to the customer portfolios.

13. FINANCIAL INSTRUMENTS

13-1. GENERAL POLICIES AND DEFINITIONS

Recognition and derecognition
Financial assets and liabilities are included in the balance sheet from such time Storebrand becomes party to the instrument's contractual terms and conditions. General purchases and sales of financial instruments are recorded on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value.
Initial recognition includes transaction costs directly related to the date of acquisition or issue of the financial asset/liability if the financial asset/liability is not measured at fair value through profit or loss.

Financial assets are derecognised when the contractual right to the cash flow from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Financial liabilities are derecognised in the balance sheet when they cease to exist, i.e. once the contractual liability has been fulfilled, cancelled or has expired.

Measurement of impairment and doubtful financial assets
For financial assets carried at amortised cost, an assessment is made on each reporting date whether there is any objective evidence that a financial asset or group of financial assets have incurred losses.

If there is objective evidence that impairment has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not occurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate calculated at initial recognition). The amount of the loss is recognised in the income statement.

Losses expected as a result of future events, no matter how likely, are not recognised.

13-2. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified into one of the following categories:

- Financial assets held for trading
- Financial assets at fair value through profit or loss in accordance with the fair value option (FVO)
- Financial assets held to maturity
- Financial assets, loans and receivables

Held for trading

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling or repurchasing it in the short term,
- is part of a portfolio of identified financial instruments that are managed together and there is evidence of a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

With the exception of derivatives, only a limited proportion of Storebrand's financial assets fall into this category.

Financial assets held for trading are measured at fair value at the reporting date, changes in fair value are recognised in the income statement.

At fair value through profit or loss in accordance with the fair value option (FVO).

A significant proportion of Storebrand's financial instruments are classified in the category of fair value through profit or loss because:

- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities, or
- the financial assets form part of a portfolio that is managed and reported on a fair value basis.

The accounting is equivalent to that of the held for trading category (the instruments are measured at fair value and changes in value are recognised in the income statement).

Investments held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity and that a company has the intention and ability to hold to maturity, with the exception of:

- assets that are designated upon initial recognition as assets at fair value through profit or loss, or
- assets that are defined as loans and receivables.

Assets held to maturity are recognised at amortised costs using the effective interest method. The category is used in the Norwegian life insurance business for assets linked to insurance contracts with interest rate guarantees.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of assets that the company intends to sell immediately or in the near term that are classified as held for trading and those that the company upon initial recognition designates at fair value through profit or loss.

Loans and receivables are recognised at amortised cost using the effective interest method. The category is used in the Norwegian life insurance business linked to insurance contracts with a guaranteed interest rate, and in the banking business.

Loans and receivables that are designated as hedged items are subject to measurement under the hedge accounting requirements.

13-3. DERIVATIVES

Accounting treatment of derivatives that are not hedging

Derivatives that do not meet the criteria for hedge accounting are recognised as financial instruments held for trading. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

Some of the Group's insurance contracts contain embedded derivatives such as interest rate guarantees. These insurance contracts do not follow the accounting standard IAS 39 Financial Instruments, but instead follow the accounting standard IFRS 4 Insurance Contracts, and the embedded derivatives are not continually measured at fair value.

13-4. HEDGE ACCOUNTING

Fair value hedging

Storebrand uses fair value hedging for the interest rate risk. The items hedged are financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that are attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised through profit or loss.

Cash flow hedging

Some borrowing in foreign currency is hedged by means of hedging instruments (derivatives). Storebrand uses cash flow hedging of the foreign exchange risk on the principal amount and foreign exchange risk for the credit margin. The net ongoing changes in value in the hedging instrument that is considered effective hedging are recognised in total comprehensive income and the non-effective share is recognised through profit or loss.

Storebrand has selected early implementation of "Interest Rate Benchmark Reform—Amendments to IAS 39 and IFRS 7" (IBOR Reform) that was issued in September 2019. In accordance with the transitional rules, the amendments have been subsequently applied to hedging arrangements that existed at the start of the reporting period or were identified thereafter and to the amount accumulated in the cash flow hedge reserve on that date. The amendments provide temporary relief from applying specific requirements for hedge accounting of hedging arrangements that are directly affected by the IBOR reform. This has the effect that the IBOR reform will not generally result in the conclusion of hedge accounting. However, all hedge ineffectiveness will still be recognised in the income statement. The stipulated amendments also determine when the relaxation of the rules shall no longer apply, which includes the uncertainty resulting from the Interest Rate Benchmark Reform no longer existing. See the discussion in Note 40.

Hedging of net investments

Hedging of net investments in foreign businesses is recognised in the accounts in the same way as cash flow hedging. Gains and losses on the hedging instrument that relate to the effective part of the hedging are recognised through total comprehensive income, while gains and losses that relate to the ineffective part are recognised in the income statement. The total loss or gain in equity is recognised in the income statement when the foreign business is sold or wound up.

13-5. FINANCIAL LIABILITIES

Subsequent to initial recognition, all financial liabilities that are not derivatives are primarily measured at amortised cost using an effective interest method.

14. INSURANCE LIABILITIES

The accounting standard IFRS 4 Insurance Contracts addresses the accounting treatment of insurance contracts. Storebrand's insurance contracts fall within the scope of this standard. IFRS 4 is a temporary standard until IFRS 17 is to be used. IFRS 4 allows the use of non-uniform principles for the treatment of insurance contracts in consolidated financial statements. In the consolidated financial statements, the insurance liabilities in the respective subsidiaries are included as these are calculated on the basis of the laws of the individual countries. This also applies to insurance contracts acquired via business combinations. In such cases, positive excess values are capitalised as assets.

Pursuant to IFRS 4, provisions for insurance liabilities must be adequate. When assessing the adequacy associated with recognised acquired insurance contracts, reference must also be made to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Solvency II calculations.

An explanation of the accounting policies for the most important insurance liabilities can be found below.

14-1. GENERAL – LIFE INSURANCE

Claims for own account

Claims for own account comprise claims settlements paid out, less reinsurance received, premium reserves transferred to other companies and reinsurance ceded.

Changes in insurance liabilities

Changes in insurance liabilities comprise premium savings that are taken to income under premium income and payments, as well as changes in provisions for future claims. This item also includes added guaranteed returns on the premium reserve and the premium fund, as well as returns to customers beyond the guaranteed returns.

Insurance liabilities (premium reserve)

The premium reserve represents the present value of the company's total expected insurance liabilities, including future administration costs in accordance with the individual insurance contracts, after deducting the present value of agreed future premiums. In the case of individual account policies with flexible premium payments, the total policy value is included in the premium reserve. The premium reserve is equivalent to 100 per cent of the guaranteed surrender or transfer value of insurance contracts prior to any fees for early surrender or transfer and the policies' share of the market value adjustment reserve.

The premium reserve is calculated using the same assumptions as those used to calculate premiums for the individual insurance contracts, i.e. assumptions about mortality and disability rates, interest rates and costs. Premium tariffs are based on the observed level of mortality and disability in the population with the addition of security margins that include expected future developments in this respect.

The premium reserve includes reserved amounts for future administration costs for all lines of insurance including settlement costs (administration reserve). In the case of paid-up contracts, the present value of all future administration costs is allocated in full to the premium reserve. In the case of contracts with future premium payments, a deduction is made for the cash value of the proportion of future administration costs expected to be financed by future premium receipts.

A substantial proportion of the Norwegian insurance contracts have a one-year interest rate guarantee, meaning that the guaranteed return must be achieved every year. In the Swedish business, there are no contracts with an annual interest rate guarantee, but there are insurance contracts with a terminal value guarantee.

Insurance liabilities, special investments portfolio

Insurance liabilities associated with the value of the special investments portfolio must always equal the value of the investments portfolio assigned to the contract. The proportion of profit in the risk result is included. The company is not exposed to investment risk on customer assets, since the customers are not guaranteed a minimum return. The only exception is in the event of death, when the beneficiaries are repaid the amount originally paid in for annuity insurance and for guaranteed account (Garantikonto).

IBNS reserves

Included in the premium reserve for insurance risk are provisions for claims either occurred but not yet reported or reported but not yet settled. IBNR are reserves for potential future payments when Storebrand has yet to be informed about whether an instance of disability, death or other instance entailing compensation has occurred. Since Storebrand is neither aware of the frequency nor the amount payable, IBNR is estimated using actuarial models based on historical information about the portfolio. Correspondingly, RBNS is a provision for potential future payments when Storebrand has knowledge of the incident, but has not settled the claim. Actuarial models based on historical information are also used to estimate the reserves.

Transfers of premium reserves, etc. (transfers)

Transfers of premium reserves resulting from transfers of policies between insurance companies are recorded in the profit and loss account as net premiums for own account in the case of reserves received and claims for own account in the case of reserves paid out. The recognition of costs and income takes place on the date the insured risk is ceded. The premium reserve in the insurance liabilities is reduced/increased on the same date. The premium reserve transferred includes the policy's share of additional statutory reserves, the market value adjustment reserve, conditional bonus and the profit for the year. Transferred additional reserves are not shown as part of premium income, but are reported separately as changes in insurance liabilities. Transferred amounts are classified as current receivables or liabilities until the transfer takes place.

Selling costs

All selling costs in the Norwegian life insurance business are expensed, whilst in the Swedish subsidiaries, parts of the selling costs are recorded in the balance sheet and amortised over the expected duration of the contract.

14-2. LIFE INSURANCE – NORWAY

Additional statutory reserves

The company is allowed to make allocations to the additional statutory reserves to ensure the solvency of its life insurance business. These additional reserves are divided among the contracts and can be used to cover a negative interest result up to the interest rate guarantee. In the event that the company does not achieve a return that equals the interest rate guarantee in any given year, the allocation can be reversed from the contract to enable the company to meet the interest rate guarantee. This will result in a reduction in the additional statutory reserves and a corresponding increase in the premium reserve for the contract. For allocated annuities, the additional statutory reserves are paid in instalments over the disbursement period.

The additional statutory reserves cannot exceed 12 per cent of the premium reserve. If the limit is exceeded, the excess amount is assigned to the contract as surplus.

Premium fund, deposit reserve and pensioners' surplus fund

The premium fund contains premiums prepaid by policyholders as a result of taxation regulations for individual and group pension insurance and allocated profit shares. The contribution fund contains payments and deposits for employees who have been members for less than 12 months. Credits and withdrawals are not recognised through the income statement but are taken directly to the balance sheet.

The pensioners' surplus fund comprises surplus assigned to the premium reserve in respect of pensions in group payments. The fund is applied each year as a single premium payment to secure additional benefits for pensioners.

Market value adjustment reserve

The current year's net unrealised gains/losses on financial assets at fair value in the group portfolio are allocated to or reversed from the market value adjustment reserve in the balance sheet assuming the portfolio has a net unrealised excess value. The portion of the current year's net unrealised gains/losses on financial current assets denominated in foreign currencies that can be attributed to fluctuations in exchange rates is not transferred to the market value adjustment reserve. The foreign exchange fluctuations associated with investments denominated in foreign currencies are largely hedged through foreign exchange contracts on a portfolio basis. Similarly, the change in the value of the hedging instrument is not transferred to the market value adjustment reserve, but is charged directly to the profit and loss account. Pursuant to accounting standard for insurance contracts (IFRS 4) the market value adjustment reserve is shown as a liability.

Risk equalisation reserve

Up to 50 per cent of the positive risk result for group pensions and paid-up policies can be allocated to the risk equalisation fund to cover any future negative risk result. The risk equalisation reserve is not considered to be a liability according to IFRS and is included as part of the equity (undistributable equity).

14-3. LIFE INSURANCE SWEDEN

Life insurance liabilities

The life insurance liabilities are estimated as the present value of the expected future guaranteed payments, administrative expenses and taxes, discounted by the current risk-free interest rate. Insurance reserves with guaranteed interest rates in SPP use a marked-based yield curve. A real discount curve is used for risk insurance within the defined-contribution portfolio. For endowment insurance within the defined-benefit and defined-contribution portfolios, as well as sickness insurance in the defined-benefit portfolio, the provisions are discounted using the nominal yield curve. As a starting point, the applicable discount rate is determined based on the methods used for the discount rate in Solvency II.

When calculating the life insurance liabilities, the estimated future administrative expenses that may reasonably be expected to arise and can be attributed to the existing insurance contracts are taken into account. The expenses are estimated according to the company's own cost analyses and are based on the actual operating costs during the most recent year. Projection of the expected future costs follow the same principles on which Solvency II is based. Any future cost-rationalisation measures are not taken into account.

Conditional bonus and deferred capital contribution

The conditional bonus arises when the value of customer assets is higher than the present value of the liabilities, and thus covers the portion of the insurance capital that is not guaranteed. In the case of contracts where customer assets are lower than liabilities, the owners' result is charged via deferred capital contribution allocations. The conditional bonus and deferred capital contribution are recognised on the same line in the balance sheet as part of the buffer capital.

14-4. P&C INSURANCE

Costs related to insurance claims are recognised when the claims occur. The following allocations have been made:

Reserve for unearned premium for own account concerns on-going policies that are in force at the time the financial statements were closed and is intended to cover the contracts' remaining risk period.

The claims reserve is a reserve for expected claims that have been reported, but not settled (RBNS). The reserve also covers expected claims for losses that have been incurred, but have not been reported (IBNR) at the expiry of the accounting period. In addition, claims reserves shall include a separate provision for future claims on losses that have not been settled.

15. PENSION LIABILITIES FOR OWN EMPLOYEES

Storebrand has country-specific pension schemes for its employees. The schemes are recognised in the accounts in accordance with IAS 19. In Norway, Storebrand has a defined-contribution pension. Storebrand is a member of the Norwegian contractual early retirement (AFP) pension scheme. The Norwegian AFP scheme is regarded as a defined-benefit scheme, but there is insufficient quantitative information to be able to estimate reliable accounting obligations and costs.

In Sweden, SPP has agreed, in accordance with the Finance Companies' Service Pension Plan (BTP Plan), to collective, defined-benefit pension plans for its employees. A group defined-benefit pension implies that an employee is guaranteed a certain pension based on the pay scale at the time of retirement on termination of the employment.

15-1. DEFINED-BENEFIT SCHEME

Pension costs and pension obligations for defined-benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers. The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the calculated return on pension plan assets.

Actuarial gains and losses and the impact of changes in assumptions are recognised in total comprehensive income during the period in which they arise. Employees who resign before reaching retirement age or leave the scheme will be issued ordinary paid-up policies.

15-2. DEFINED-CONTRIBUTION SCHEME

A defined-contribution pension scheme involves the Group in paying an annual contribution to the employees' collective pension savings. The future pension will depend upon the size of the contribution and the annual return on the pension savings. The Group does not have any further work-related obligations after the annual contribution has been paid. No provisions are made for ongoing pension liabilities for these types of schemes. Defined-contribution pension schemes are recognised directly in the financial statements.

16. TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

The Group's tangible fixed assets comprise equipment, fixtures and fittings, IT systems and properties used by the Group for its own activities.

Equipment, inventory and IT systems are valued at acquisition cost less accumulated depreciation and any write-downs.

Properties used for the Group's own activities are measured at appreciated value less accumulated depreciation and write-downs. The fair value of these properties is tested annually in the same way as described for investment properties. The increase in value for buildings used by the Group for its own activities is recognised through total comprehensive income. Any write-down of the value of such a property is recognised first in the revaluation reserve for increases in the value of the property in question. If the write-down exceeds the revaluation reserve for the property in question, the excess is expensed over the profit and loss account.

The write-down period and method are reviewed annually to ensure that the method and period being used both correspond to the useful economic life of the asset. The disposal value is similarly reviewed. Properties are split into components if different parts have different useful economic lives. The depreciation period and method of depreciation are then measured separately for each component.

The value of a tangible fixed asset is tested when there are indications that its value has been impaired. The impairment test is carried out for each asset if the asset primarily has independent, inward cash flows, or possibly a larger cash-generating unit. Any impairment losses are charged to the income statement as the difference between the carrying value and the recoverable amount. The recoverable amount is the greater of the fair value less costs of sale and the value in use. On each reporting date it is determined as to whether there is a basis for reversing previous impairment losses on non-financial assets.

17. TAX

The Group's tax liabilities are valued in accordance with IAS 12 and clarifications in IFRIC 23.

The tax cost in the income statement consists of tax payable and changes in deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in total comprehensive income. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities.

Deferred tax is calculated on the basis of the Group's tax loss carryforward, deductible temporary differences and taxable temporary differences.

Any deferred tax assets shall be recognised if it is considered probable that the tax asset will be recovered. Assets and liabilities associated with deferred tax are recognised as a net amount when there is a legal right to offset assets and liabilities for tax payable and the Group has the ability and intention to settle net tax payable.

Changes in assets and liabilities associated with deferred tax that are due to changes in the tax rate are generally recognised in the income statement.

Reference is made to Note 26 - Tax for further information.

18. PROVISION FOR DIVIDENDS AND GROUP CONTRIBUTIONS

In the consolidated financial statement the proposed dividend an group contributions is classified as equity until approved by the general meeting and presented as liabilities after this date. The proposed dividend and group contributions is not included in the calculation of the solvency capital. In the company accounts for Storebrand Livsforsikring AS, provision is made for proposed dividends and group contributions in accordance with the exemption for company accounts in accounting regulations for life insurance company.

19. LEASES

Leases are recognised in the balance sheet. The present value of the combined lease payments shall be recognised on the balance sheet as debt and an asset that reflects the right of use of the asset during the lease period. Storebrand has chosen to classify the right to use the asset as tangible fixed assets and the lease liability as other debt. The recognised asset is amortised over the lease period and the depreciation expense is recognised as an operating expense on an ongoing basis. The interest expense on the lease liability is recognised as a financial expense. Leases with a duration of less than 12 months and leases that include assets valued at less than approximately NOK 50,000 will not be recognised in the balance sheet, but rental amounts will be recognised as an operating expense over the lease period.

20. STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the direct method and shows cash flows grouped by sources and use. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice.

21. BIOLOGICAL ASSETS

Pursuant to IAS 41, investments in forestry are measures as biological assets. Biological assets are measured at fair value in accordance with IFRS 13. Changes in the value of biological assets are recognised in the profit and loss account. Ownership rights to biological assets are recognised on the date of transfer pursuant to the purchase agreement. Annual income and expenses for forestry and uncultivated land are recognised.

Note 2 Critical accounting estimates and judgements

In preparing the consolidated financial statements the management are required to apply estimates, make discretionary assessments and apply assumptions for uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared.

A description of the most important elements and assessments in which discretion is used and which may influence recognised amounts or key figures is provided below and in Note 44 for Solvency II and in Note 26 for Tax.

Actual results may differ from these estimates.

INSURANCE CONTRACTS

Insurance risk is the risk of higher than expected payments and/or unfavourable changes in the value of an insurance liability due to the actual development differing from what was expected when premiums or provisions were calculated.

In the consolidated accounts, insurance liabilities with a guaranteed interest rate are included, but using different principles in the Norwegian and the Swedish activities. An immaterial asset (value of business in-force – VIF) linked to the insurance contracts in the Swedish activities is also included. This asset originated from Storebrand's purchase of the insurance business. There are several factors that may have an impact on the size of the insurance liabilities including VIF, such as biometric factors relating to higher life expectancy, future returns and invalidity, as well as the development of future costs and legal aspects, such as amendments to legislation and judgments handed down in court cases, etc.

In the long term, a low interest rate will represent a challenge for insurance contracts with a guaranteed interest rate and, together with a reduced customer buffer, may have an impact on the amount recorded that is linked to the insurance contracts. The Norwegian insurance contracts with guaranteed interest rates are discounted at the premium calculation rate (around 3.2 per cent). The Swedish insurance liabilities with guaranteed interest rates have been discounted by a yield curve that coincides with the Solvency II yield curve.

In the Norwegian business, a significant share of the insurance contracts have annual interest rate guarantees. Changes in estimates and valuations may entail a change in the return on the customer portfolios. Depending on the size of any impairment in value, such impairment may be offset by a reduction in the market value adjustment reserve and additional statutory reserves, so that the effect on the owner's result may be limited. Correspondingly, increases in values could, to a large extent, increase the size of such funds.

In the Swedish business, there are no contracts with an annual interest rate guarantee, but there are insurance contracts with interest rate guarantees which enable them to receive a guaranteed terminal value. These contracts are discounted by a market-based calculated interest rate where parts of the yield curve used are not liquid. Changes in the discount rate may have a significant impact on the size of the insurance liabilities and impact the result. If the associated customer assets have a higher value than the recognised value of these insurance liabilities, then the difference will represent a conditional customer allocated fund – conditional bonus (buffer capital). Changes in the assumptions for future cost, mortality and other biometric assumptions may also have a significant impact on the recognised insurance liabilities. Changes in estimates and valuations may entail a change in the return on the customer portfolios. Depending on the size of any impairment in value, such impairment may be offset by a reduction in the conditional bonus, so that the effect on the owner's result may be limited. If the value of the individual insurance contract is higher than the associated customer assets, the owner will have to cover the deficient capital.

Further information about insurance liabilities is provided in Notes 6, 37 and 38.

INVESTMENT PROPERTIES

Investment properties are measured at fair value. The commercial real estate market in Norway and Sweden is not particularly liquid, nor is it transparent. Uncertainty will be linked to the valuations, and they require exercise of professional judgement, especially in periods with turbulent finance markets.

Key elements included in valuations that require exercising judgement are:

- Market rent and vacancy trends
- Quality and duration of rental income
- Owners' costs
- Technical standard and any need for upgrading
- Discount rates for both certain and uncertain cash flows, as well as residual value

External valuations are also obtained for parts of the portfolio every quarter. All properties must have an external valuation during at least a 3 year period.

Reference is also made to Note 11 in which the valuation of investment properties at fair value is described in more detail.

FINANCIAL INSTRUMENTS AT FAIR VALUE

There will be some uncertainty associated with the pricing of financial instruments, particularly instruments that are not priced in an active market. This is particularly true for the types of securities priced on the basis of non-observable assumptions, and for these investments various valuation techniques are applied in order to fix fair value. These include private equity investments, investments in foreign properties, and other financial instruments where theoretical models are used in pricing. Any changes to the assumptions could affect recognised amounts. The majority of such financial instruments are included in the customer portfolio.

There is uncertainty linked to the valuation of fixed-rate loans recorded at fair value, due to variation in the interest rate terms offered by banks and since individual borrowers often have different credit risks.

Reference is also made to Note 11, in which the valuation of financial instruments at fair value is described in more detail.

COVID-19

2020 has been influenced by developments relating to the spread of the Coronavirus. From the latter part of February and throughout March, the pandemic and the consequences of shutdowns in both Norway and globally, resulted to financial turmoil, with falling share prices, increased credit spreads, reduced interest rates and lower earnings for many financial assets. Together with lower oil prices, these conditions also resulted in a significant weakening of the Norwegian krone. Increased unemployment has had a negative impact on the disability insurance results and necessitated the strengthening of reserves. It is uncertain as to how the present situation will develop going forward. Assisted by political measures, the financial market, and particularly the stock market, strengthened in the second half of the year. The final months of the year were characterised by both another wave of infections in a number of countries, but there has also been positive news regarding the testing of potential vaccines. Storebrand has a risk management system which, through principles that have been adopted, manages and mitigates the impact of volatile financial markets.

Storebrand increased its insurance liabilities in the first quarter of 2020 based on the expected impact of the Covid-19 virus. The situation was closely monitored in the following three quarters of 2020, and no significant impact on the reserves due to Covid-19 was observed. The development of insurance liabilities will depend on future scenarios and is currently more uncertain than usual. Storebrand will continue to monitor the development of Covid-19 and its effects on the economy. A long-term situation with high unemployment may result in higher levels of disability and increased liabilities. However, the current insurance liabilities represent Storebrand's best estimate of the insurance liabilities.

Covid-19 and the uncertain macroeconomic situation mean that there is greater uncertainty relating to several estimates at the end of 2020 than was the situation prior to the start of the pandemic. There is still major uncertainty about the spread of Covid-19 and the consequences for society. There is thus also increased uncertainty regarding cash flows associated with financial instruments and investment properties that are priced based on level 3 calculations, as well as estimated expected losses on lending.

DEFERRED TAX AND UNCERTAIN TAX POSITIONS
Calculation of deferred tax assets, deferred tax liabilities and the income tax expense is based on the interpretation of rules and estimates.

The Group's business activities may give rise to disputes, etc. related to tax positions with an uncertain outcome. The Group makes provisions for uncertain and disputed tax positions with best estimates of expected amounts, subject to decisions by the tax authorities in accordance with IAS 12 and IFRIC 23. The provisions are reversed if the disputed tax position is decided to the benefit of the Group and can no longer be appealed.

Reference is made to further information in Note 26.

Note 3 Profit by segments

SEGMENTS
Storebrand's operation includes the segments: Savings, Insurance, Guaranteed Pension and Other.

SAVINGS
The savings segment includes products for retirement savings with no interest rate guarantees. The segment consists of defined contribution pensions in Norway and Sweden, asset management and retail banking products. In addition, certain other subsidiaries in Storebrand Livsforsikring and SPP are included in Savings.

INSURANCE
The insurance segment provides personal risk products in the Norwegian retail market and employer's liability insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

GUARANTEED PENSION
The guaranteed Pension segment includes long-term pension savings products that give customers a guaranteed rate of return. The area includes defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurances.

OTHER
Under the segment 'Other', the performance of the company's portfolios in Storebrand Livsforsikring and SPP and smaller daughters are reported. It also includes result related to Euroben.

RECONCILIATION BETWEEN THE INCOME STATEMENT AND ALTERNATIVE STATEMENT OF THE RESULT (SEGMENT)
The results in the segments are reconciled against the Group result before amortisation and write-downs of intangible assets. The Group's income statement includes gross income and costs linked to both the insurance customers and owners (shareholders). The alternative statement of the result only includes result elements relating to owners (shareholders) which are the result elements that the Group has performance measures and follow-up for. The result lines that are used in segment reporting will therefore not be identical with the result lines in the corporate profit and loss account. Below is an overall description of the most important differences.

Fee and administration income consists of fees and fixed administrative income. In the Group's income statement, the item is classified as premium income, net interest income from bank or other income depending on the type of activity. The Group's income statement also includes savings elements for insurance contracts and possibly transferred reserve.

Price of return guarantee and profit risk (fee incomes) – Storebrand Life Insurance AS
The return guarantees in group pension insurance with a return guarantee must be priced upfront. The level of the return guarantee, the size of the buffer capital (additional statutory reserves and unrealised gains), and the investment risk of the portfolio in which the pensions assets are invested determine the price that the customer pays for his or her return guarantee. Return guarantees are priced on the basis of the risk to which the equity is exposed. The insurance company bears all the downside risk and must carry reserves against the policy if the buffer reserves are insufficient or unavailable.

The insurance result consists of insurance premiums and claims

Insurance premiums consist of premium income relating to risk products (insurance segment) that are classified as premium income in the Group's income statement.

Claims consist of paid-out claims and changes in provisions for claims incurred but not reported (IBNR) and claims reported but not settled (RBNS) relating to risk products that are classified as claims in the Group's income statement.

Administration costs consist of the Group's operating costs in the Group's income statement minus operating costs allocated to traditional individual products with profit sharing.

Financial items and risk result life and pensions include risk result life and pensions and financial result includes net profit sharing and Loan Losses.

Risk result life and pensions consists of the difference between risk premium and claims for products relating to defined-contribution pension, unit linked insurance contracts (savings segment) and defined-benefit pension (guaranteed pension segment). Risk premium is classified as premium income in the Group's income statement.

The financial result consists of the return for the company portfolios of Storebrand ASA, Storebrand Livsforsikring AS and SPP Pension & Försäkring AB (Other segment), while returns for the other company portfolios in the Group are a financial result within the segment which the business is associated with. Returns on company portfolios are classified as net income from financial assets and property for companies in the Group's income statement. The financial result also includes returns on customer assets relating to products within the insurance segment, and in the Group's income statement this item will be entered under net income from financial assets and property for customers. In the alternative income statement, the result before tax of certain unimportant subsidiaries is included in the financial result, while in the Group's income statement, this is shown as other income, operating costs and other costs.

NET PROFIT SHARING

Storebrand Livsforsikring AS

A modified profit-sharing regime was introduced for old and new individual contracts that have left group pension insurance policies (paid-up policies), which allows the company to retain up to 20 per cent of the profit from returns after any allocations to additional statutory reserves. The modified profit-sharing model means that any negative risk result can be deducted from the customers' interest profit before sharing, if it is not covered by the risk equalisation fund.

Individual endowment insurance and pensions written by the Group prior to 1 January 2008 will continue to apply the profit rules effective prior to 2008. New contracts may not be established in this portfolio. The Group can retain up to 35 per cent of the total result after allocations to additional statutory reserves.

Any negative returns on customer portfolios and returns lower than the interest guarantee that cannot be covered by additional statutory reserves must be covered by the company's equity and will be included in the net profit-sharing and losses line.

SPP Pension & Försäkring AB

For premiums paid from and including 2016, previous profit sharing is replaced by a guarantee fee for premium-determined insurance (IF portfolio). The guarantee fee is annual and is calculated as 0.2 per cent of the capital. This goes to the company.

For contributions agreed to prior to 2016, the profit sharing is maintained, i.e. that if the total return on assets in one calendar year for a premium-determined insurance (IF portfolio) exceeds the guaranteed interest, profit sharing will be triggered. When profit sharing is triggered, 90 per cent of the total return on assets passes to the policyholder and 10 per cent to the company. The company's share of the total return on assets is included in the financial result.

In the case of defined-benefit contracts (KF portfolio), the company is entitled to charge an indexing fee if the group profit allows the indexing of the insurance. Indexing is allowed up to a maximum equalling the change in the consumer price index (CPI) between the previous two Septembers. Pensions that are paid out are indexed if the consolidated figures on 30 September exceed 107 per cent, and half of the fee is charged. The whole fee is charged if the consolidated figures on 30 September exceed 120 per cent, in which case paid-up policies can also be included. The total fee equals 0.8 per cent of the insurance capital.

The guaranteed liability is continuously monitored. If the guaranteed liability is higher than the value of the assets, a provision must be made in the form of a deferred capital contribution. If the assets are lower than the guaranteed liability when the insurance payments start, the company supplies capital up to the guaranteed liability in the form of a realised capital contribution. Changes in the deferred capital contribution are included in the financial result.

LOAN LOSSES

Loan losses that are on the balance sheet of the Storebrand Livsforsikring Group, will not be included on this line in either the alternative income statement or in the Group's income statement, but in the Group's income statement will be included in the item, net income from financial assets and property for customers.

Amortisation of intangible assets includes depreciation and possible write-downs of intangible assets established through acquisitions of enterprises.

PROFIT BY BUSINESS AREA

NOK million	2020	2019
Savings	782	566
Insurance	89	281
Guaranteed pension	775	1,029
Other	61	320
Profit before amortisation	**1,707**	**2,196**
Amortisation intangible assets	-341	-341
Profit before tax	**1,367**	**1,855**

SEGMENT INFORMATION AS AT 31.12

	Savings		Insurance		Guaranteed pension	
NOK million	2020	2019	2020	2019	2020	2019
Fee and administration income	1,961	1,805			1,455	1,475
Insurance result			454	665		
- Insurance premiums f.o.a.			2,938	2,750		
- Claims f.o.a.			-2,484	-2,086		
Operational cost	-1,138	-1,222	-399	-417	-842	-819
Operating profit	**824**	**583**	**56**	**248**	**614**	**657**
Financial items and risk result life & pension	-41	-17	33	33	162	372
Profit before amortisation	**782**	**566**	**89**	**281**	**775**	**1,029**
Amortisation of intangible assets						
Profit before tax	**782**	**566**	**89**	**281**	**775**	**1,029**

	Other		Storebrand Livsforsikring group	
NOK million	2020	2019	2020	2019
Fee and administration income	59	51	3,476	3,332
Insurance result			454	665
- Insurance premiums f.o.a.			2,938	2,750
- Claims f.o.a.			-2,484	-2,086
Operational cost	-49	-52	-2,427	-2,510
Operating profit	**10**	**-1**	**1,503**	**1,486**
Financial items and risk result life & pension	50	321	204	709
Profit before amortisation	**61**	**320**	**1,707**	**2,196**
Amortisation of intangible assets			-372	-341
Profit before tax	**61**	**320**	**1,336**	**1,855**

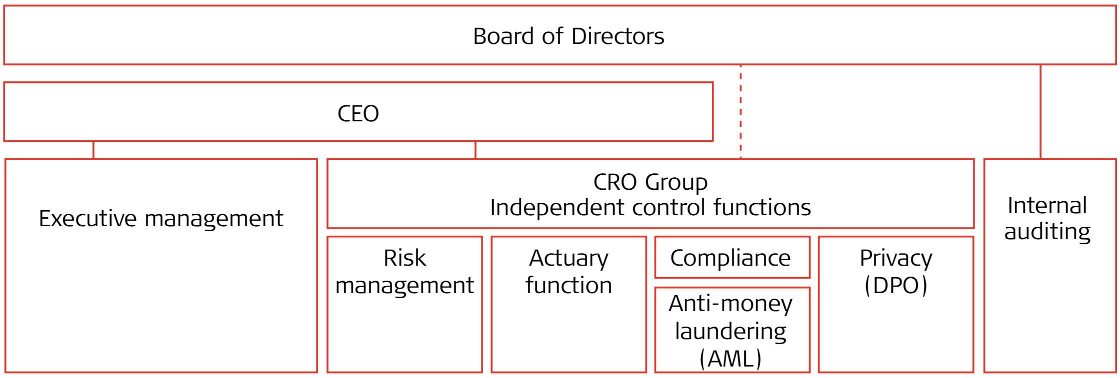
Note 4 Risk management and internal control

Storebrand's income and performance are dependent on external factors that are associated with uncertainty. The most important external risk factors are the developments in the financial markets and changes in life expectancy in the Norwegian and Swedish populations. Certain internal operational factors can also result in losses, e.g. errors linked to the management of the customers' assets or payment of pension.

Continuous monitoring and active risk management are core areas of the Group's activities and organisation. At the Storebrand Group, responsibility for risk management and internal control is an integral part of management responsibility.

ORGANISATION OF RISK MANAGEMENT

The Group's organisation of the responsibility for risk management follows a model based on three lines of defence. The objective of the model is to safeguard the responsibility for risk management at both company and Group level.



The boards of directors of both Storebrand ASA and the group companies have the overall responsibility for limiting and following up the risks associated with the activities. The boards set annual limits and guidelines for risk-taking in the company, receive reports on the actual risk levels, and perform a forward-looking assessment of the risk situation.

The Board of Storebrand ASA has established a Risk Committee consisting of 3 Board members. The main task of the Risk Committee is to prepare matters to be considered by the Board in the area of risk, with a special focus on the Group's appetite for risk, risk strategy and investment strategy. The Committee should contribute forward-looking, decision-making support related to the Board's discussion of risk taking, financial forecasts and the treatment of risk reporting.

Managers at all levels in the company are responsible for risk management within their own area of responsibility. Good risk management requires targeted work on objectives, strategies and action plans, identification and assessment of risks, documentation of processes and routines, prioritisation and implementation of improvement measures, and good communication, information and reporting.

Independent control functions

Independent control functions have been established for risk management for the business (Risk Management Function/Chief Risk Officer), for compliance with the regulations (Compliance Function), for ensuring the insurance liabilities are calculated correctly (Actuary Function), for data protection (Data Protection Officer), for money laundering (Anti Money Laundering) and for the bank's lending. Relevant functions have been established for both the Storebrand Group (the Group) and all of the companies requiring a licence. The independent control functions are organised directly under the companies' managing directors and report to the respective company's board.

In terms of function, the independent control functions are affiliated with Group Risk & Compliance (GRC), which is organised directly under the CEO and reports to the Board of Directors of Storebrand ASA. GRC's task is to ensure that all significant risks are identified, measured and appropriately reported. The GRC function shall be actively involved in the development of the Group's risk strategy and maintain a holistic view of the company's risk exposure. This includes responsibility for ensuring compliance with the relevant regulations for risk management and the consolidated companies' operations.

The internal audit function is organised directly under the Board and shall provide the boards of the relevant consolidated companies with confirmation concerning the appropriateness and effectiveness of the company's risk management, including how well the various lines of defence are working.

Note 5 Operational risk

Operational risk is the risk of loss due to inadequate or failing internal processes or systems, human error or external events. The definition includes the risk of loss or public sanctions as a result of non-compliance with external or internal rules.

The Group seeks to reduce operational risk through an effective system for internal control. Risks are followed up through the management's risk reviews, with documentation of risks, measures and the follow-up of incidents. In addition, Internal Audit carries out independent checks through audit projects adopted by the Board.

Contingency and continuity plans have been prepared to deal with serious incidents in business-critical processes.

Storebrand's IT systems are vital for operations and reliable financial reporting. Errors and disruptions may have consequences for commercial operations and can impact on the trust the Group has from both customers and shareholders. In the worst case, abnormal situations can result in penalties from the supervisory authorities. Storebrand's IT platform is characterised by complexity and integration between different specialist systems and joint systems. The operation of the IT systems has largely been outsourced to different service providers. A management model has been established with close follow-up of providers and internal control activities in order to reduce the risk associated with the development, administration and operation of the IT systems, as well as information security. Storebrand is facing a major technological shift with the transition to cloud-based infrastructure. Risks increase in connection with the actual transformation, and the consequence of errors can be greater when services are provided online. At the same time, cloud-based services and infrastructure reduce the risk associated with self-developed systems and, in the long term, outdated infrastructure.

Note 6 Insurance risk

Storebrand offers traditional life and pension insurance as both group and individual contracts. Contracts are also offered in which the customer has the choice of investment.

The insurance risk in Norway is largely standardised for contracts within the same product category as a result of detailed regulation from the authorities. In Sweden, the framework conditions for insurance contracts entail major differences between the contracts within the same product category.

The insurance risk associated with an increase in life expectancy and thereby an increase in future pension payments (longevity) is the greatest risk for the Group. Other risks include disability risk and mortality risk. The life insurance risks are:

1. Long life expectancy – The risk of erroneously estimating life expectancy and future pension payments. Historical developments have shown that an increasing number of people attain retirement age and live longer as pensioners than was previously the case. There is a great deal of uncertainty surrounding future mortality development. In the event of longer life expectancy beyond that assumed in the premium tariffs, there is also an increased risk of the owner's result having to be charged in order to cover necessary statutory provisions.
2. Disability – The risk of erroneous estimation of future illness and disability. There will be uncertainty associated with the future development of disability, including disability pensioners who are returned to the workforce.
3. Death – The risk of erroneous estimation of mortality or erroneous estimation of payment to surviving relatives. Over the last few years, a decrease in mortality and fewer young surviving relatives have been registered, compared with earlier years.

In the Guaranteed Pensions segment, the Group has a significant insurance risk relating to estimation of life expectancy and future pension payments for group and individual insurance agreements. In addition, there is an insurance risk associated with estimates of disability and pensions left to spouses and/or children. The disability coverage in Guaranteed Pensions is primarily sold together with a retirement pension. The risk of mortality is low in Guaranteed Pensions when viewed in relation to other risks. In SPP it is possible to change the future premiums for the IF portfolio, reducing the risk significantly. In Norway it is also possible to change the future premiums of group policies, but only for new accumulation, entailing reduced risk.

Occupational pension agreements (hybrid) are reported in the Guaranteed Pension segment when a customer has an agreement without a choice for investment of the pension assets. This is a small portfolio with limited insurance risk.

In the Savings segment the Group has a low insurance risk. The insurance risk is largely associated with death, with some long-life risk for paid-up policies with investment options.

In the Insurance segment, the Group has an insurance risk associated with disability and death. In addition, there are insurance risks associated with occupational injury, critical illness, cancer insurance, child insurance, accident insurance and health insurance. For occupational injury, the risk is first and foremost potential errors in the assessment of the level of provisions, because the number of claim years can be up to 25 years. The insurance risk within critical illness, cancer, accident and health insurance is considered to be limited based on the volume and underlying volatility of the products.

The Other segment also includes the insurance risk at Euroben, which offers pension products to Nordic companies, and the insurance risk is limited.

DESCRIPTION OF PRODUCTS

Risk premiums and tariffs

Guaranteed Pension

Group pension insurance schemes in Norway follow the premiums for traditional retirement and survivor coverage in the industry tariff K2013. The premiums for disability pensions are based on the company's own experience. Expense premiums are determined annually with a view to securing full cover for the next year's expected costs.

For individual insurance in Norway, the premiums for death risk and long life expectancy risk are based on tariffs produced by insurance companies on the basis of their shared experience. This applies to both endowment and pension insurance. Disability premiums are based on the company's own experience.

The risk premium for group insurance in Sweden is calculated as an equalised premium within the insurance group, based on the group distribution of age and gender, as well as the requirement for coverage of next of kin. The risk premium for individual insurance is determined individually and is based on age and gender.

SPP's mortality assumptions are based on the general mortality tariff DUS14, adjusted for the company's own observations.

The new public service occupational pension entered into force from 2020 and includes retirement pensions in the public sector. The new scheme is a premium pension and is a net pension that is known from the private sector. Premium pension means that the pension is accrued each year based on the employee's salary. This is as opposed to the previous schemes whereby the pension was calculated based on the final salary. The premium pension ensures a life-long retirement pension, and the retirement pension can be fully or partly withdrawn from and including the age of 62 until and including the age of 75. Payment of the pension will start at the age of 75 regardless. Members who are not entitled to an AFP are given a conditional occupational pension as a supplement to the retirement pension.

Insurance

Tariffs for group life insurance and certain risk insurances within group pensions also depend on the industry or occupation, in addition to age and gender. Group life insurance also applies tariffs based on claims experience. The company's tariff for group life insurance, both for life and disability cover, is based on the company's own experience.

Newer individual endowment policies are priced without taking gender into account. The tariffs for all individual endowment policies are based on the company's own experiences.

For P&C insurance (occupational injury) the tariffs are based on the company's own experiences.

Management of insurance risk

Insurance risk is monitored separately for every line of insurance in the current insurance portfolio. The development of the risk results is followed throughout the year. For each type of risk, the ordinary risk result for a period represents the difference between the risk premiums the company has collected for the period and the sum of provisions and payments that must be made for insured events that occur in the period. The risk result takes into account insured events that have not yet been reported, but which the company, on the basis of experience, assumes have occurred.

When writing individual risk cover, the customer is subject to a health check. The result of the health check is reflected in the level of premium quoted. When arranging group policies with risk cover, all employees of small companies are subject to a health check, while for companies with many employees a declaration of fitness for work is required. In the assessment of risk, the company's business category, sector and sickness record are also taken into account.

Large claims or special events constitute a major risk for all products. The largest claims will typically be in the group life, occupational injury and personal injury segments.

The company manages its insurance risk through a variety of reinsurance programmes. Through catastrophe reinsurance (excess of loss), the company covers losses (single claims and reserves provisions) where a single event causes more than two deaths or disability cases. This cover is also subject to an upper limit. A reinsurance agreement for life policies covers death and disability risk that exceeds the maximum risk amount for own account the company practises. The company's maximum risk amount for own account is relatively high, and the risk reinsured is therefore relatively modest.

The company also manages its insurance risk through international pooling. This implies that multinational corporate customers can equalise the results between the various units internationally. Pooling is offered for group life and risk cover within group pensions.

RISK RESULT

The risk result consists of premiums the company charges to cover insurance risks less the actual costs in the form of insurance reserves and payments for insured events such as death, pensions, disability and accidents.

The table below specifies the risk result for the largest entities in the Group and also states the effect of reinsurance and pooling on the result. The risk result in the table shows the total risk result for distribution to customers and owner (the insurance company).

Specification of risk result

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
NOK million	2020	2019	2020	2019
Survival	7	-58	54	-39
Death	243	416	23	19
Disability	-26	443	134	92
Reinsurance	5	2	0	-1
Pooling	-44	22	-26	-14
Other	-33	-101	1	-4
Total risk result	**153**	**724**	**186**	**53**

ADEQUACY TEST

In accordance with the accounting standard IFRS 4 Insurance Contracts, the insurance liabilities that are included shall be adequate and a liability adequacy test shall be performed. Storebrand satisfies the adequacy tests for 2020, and these therefore had no impact on the results in the financial statements for 2020.

SENSITIVITY

The volatility of the risk results depends on the development in disability and mortality relative to expectations. The different contracts at Storebrand come with different risks, however when calculating volatility, the starting point is the same changes since the development in, for example disability, is assumed to be the same across the contracts. To indicate the sensitivity of the annual result, an expected 5% increase in claims for disability and mortality respectively is used as a basis, where mortality consists of the risks of death and longevity.

STOREBRAND LIVSFORSIKRING AS

	Guaranteed pension					Insurance				Total
NOK million	Defined benefit pension	Occupational pension	Paid-up policies	Individual insurance	Total	Group disability	Non-life insurance	Group life	Total	
Death	4	1	49	5	59	-1	-2	-19	-22	37
Disability	-4	-	-14	-4	-22	-40	-4	-26	-70	-92

The net effect of increased claims for disability will result in a reduction in the disability risk result of NOK 14 million for paid-up policies and NOK 40 million for group disability pensions. Correspondingly, an increase in mortality claims will reduce the death risk result for group life by NOK 19 million, and for paid-up policies, the risk result for mortality will be improved by NOK 49 million.

It varies as to how the gross effects above are recognised in the company's income statement. The business rules define buffer capital and other factors which entail that a negative risk result for the pension products may be covered by the risk equalisation fund, provided that this is sufficient. Equivalently, up to 50% of the positive risk result will be added to the risk equalisation fund, while other positive risk results will pass to the customers. For group disability pensions, group life and personal risk, the risk results pass in their entirety to Storebrand, while the risk result for individual insurance policies are included in the profit sharing between the customers and Storebrand.

SPP PENSION & FÖRSÄKRING AB

SEK mill	Defined contribution	Defined benefit	Total
Death	8	17	25
Disability	2	0	2

Part of the change in disability and waiver of premiums is covered by pooling and reinsurance, and SPP's effect on result is expected to be approximately 95 per cent. The change in increased longevity and mortality have their full impact in SPP's result.

Note 7 Financial market risk

Market risk means changes in the value of assets as a result of unexpected volatility or changes in prices on the financial markets. It also refers to the risk that the value of the insurance liability develops differently to that of the assets as a result of changes in interest rates.

The most significant market risks for Storebrand are interest rate risk, share market risk, property price risk, credit risk, and exchange rate risk.

For the life insurance companies, the financial assets are invested in a variety of sub-portfolios. Market risk affects Storebrand's income and profit differently in the different sub-portfolios. There are three main types of sub-portfolio: company portfolios, customer portfolios without a guarantee (unit linked insurance) and customer portfolios with a guarantee.

The market risk in the company portfolios has a direct impact on the profit.

The market risk in unit linked insurance is at the customers' risk, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based largely on the size of the reserves, while the costs tend to be fixed. Lower than expected returns in the financial market will therefore have a negative effect on Storebrand's future income and profit.

For customer portfolios with a guarantee, the net risk for Storebrand will be lower than the gross market risk. The extent of measures to reduce risk depends on several factors, the most important being the size and flexibility of the customer buffers and level and duration of the return guarantee. If the investment return is not sufficient to meet the guaranteed interest rate, the shortfall may be met by using customer buffers built up from previous years' surpluses.

For guaranteed customer portfolios, the risk is affected by changes in the interest rate level. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds and interest rate swaps, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee. Both short and long-term money market rates fell significantly in Norway in 2020. Long-term rates have fallen in Sweden, while short-term money market rates have remained stable at close to zero.

The composition of the assets within each sub-portfolio is determined by the company's investment strategy. The investment strategy also establishes guidelines and limits for the company's risk management, credit exposure, counterparty exposure, currency risk, use of derivatives, and requirements regarding liquidity.

ASSET ALLOCATION

	Customer portfolios with guarantee	Customer portfolios without guarantee	Company portfolios
Real estate at fair value	11%	2%	0%
Bonds at amortised cost	36%	0%	26%
Money market	3%	4%	13%
Bonds at fair value	24%	14%	59%
Equities at fair value	10%	79%	0%
Lending at amortised cost	16%	1%	2%
Other	0%	0%	1%
Total	**100%**	**100%**	**100%**

Storebrand aims to take low financial risk for the company portfolios, and most of the funds are invested in short and medium-term fixed income securities with low credit risk.

The financial risk related to customer portfolios without a guarantee is borne by the insured person, and the insured person can choose the risk profile. Storebrand's role is to offer a good, broad range of funds, to assemble profiles adapted to different risk profiles, and to offer systematic reduction of risk towards retirement age. The most significant market risks are share market risk and exchange rate risk.

The most significant market risks facing guaranteed customer portfolios are linked to equity risk, interest rate risk, credit risk and property price risk. Risk management during the turmoil in the financial markets in the first quarter resulted in a decrease in equity exposure. This has since increased, which means that the investment allocation at the end of 2020 had not changed significantly from the start of the year. In Norway, most of the credit risk is linked to securities, which are carried at amortised cost. This significantly reduces the risk to the company's result because the result is not normally influenced by market fluctuations. The exception is if there is a loss event.

The market risk is managed by segmenting the portfolios in relation to risk-bearing capacity. For customers who have large customer buffers, investments are made with higher market risk that give increased expected returns. Equity risk is also managed by means of dynamic risk management, the objectives of which are to maintain good risk-bearing capacity and to adjust the financial risk to the buffer situation and the company's financial strength. By exercising this type of risk management, Storebrand expects to create good returns both for individual years and over time.

For company portfolios and guaranteed customer portfolios, most of the assets that are in currencies other than the domestic currency are hedged. This limits the currency risk from the investment portfolios.

Foreign exchange risk primarily arises as a result of investments in international securities, including as a result of ownership in SPP.

In the consolidated financial statements, the value of assets and results from the Swedish operations are affected by changes in the value of the Swedish krone. Storebrand Livsforsikring AS has hedged parts of the value of SPP through forward foreign exchange contracts and borrowings in Swedish kroner.

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCIES PER 31.12.20

	Storebrand Livsforsikring group				Storebrand Livsforsikring AS			
	Balance sheet items excluding currency derivatives	Forward contracts	Net position		Balance sheet items excluding currency derivatives	Forward contracts	Net position	
NOK million	Net in balance sheet	Net sales	in currency	in NOK	Net in balance sheet	Net sales	in currency	in NOK
AUD	116	-121	-5	-34	107	-112	-5	-30
CAD	174	-279	-105	-703	167	-261	-94	-630
CHF	93	-134	-41	-398	86	-124	-38	-368
DKK	198	-325	-127	-178	190	-300	-111	-156
EUR	1,075	-1,221	-147	-1,537	873	-1,058	-185	-1,937
GBP	106	-203	-98	-1,144	98	-188	-89	-1,046
HKD	210	-931	-721	-797	198	-581	-383	-423
ILS	10			25	10			25
JPN	296	-413	-117	-969	279	-384	-106	-876
NZD	5	-20		-91	5	-18		-84
SEK	233,808	-9,559	224,249	233,790	24,931	-9,559	15,372	16,026
SGD	15	-22		-45	15	-21		-42
USD	4,124	-5,195	-1,071	-9,172	3,205	-4,672	-1,467	-12,561
NOK [1]	39,005	-1,487	37,518	37,518	34,151		34,151	34,151
Other								
Insurance liabilities in SEK	-224,197		-224,197	-233,735	-412		-412	-430
Total net currency position 2020				**22,531**				**31,621**
Total net currency position 2019				**6,729**				**18,056**

1) Equity and bond funds denominated in NOK with foreign currency exposure in i.a. EUR and USD NOK 34 billion.

The table above shows the currency positions as at 31 December 2020. The currency exposure is primarily related to investments in the Norwegian and Swedish life insurance business.

STOREBRAND LIVSFORSIKRING

The company hedges most of the foreign exchange risk in the customer portfolios on an ongoing basis. Foreign exchange risk exists primarily as a result of investments in international securities, as well as subordinated loans in a foreign currency to a certain extent. Hedging is performed by means of forward foreign exchange contracts at the portfolio level, and the currency positions are monitored continuously against a total limit. Negative currency positions are closed out no later than the day after they arose. In addition, separate limits have been defined so that active currency positions can be taken.

SPP

SPP uses currency hedging for its investments to a certain degree. Currency exposure may be between 0 and 30 per cent in accordance with the investment strategy.

Guaranteed customer portfolios in more detail

Storebrand Livsforsikring

The annual guaranteed return to the customers follows the basic interest rate. New premiums were taken in with a basic interest rate of 2.0 per cent, and pensions were adjusted upwards with a basic interest rate of 0.5 per cent. The percentage distribution of the insurance reserves by the various basic annual interest rates as at 31 December is as follows

STOREBRAND LIVSFORSIKRING AS
Customer portfolio divided on annual guaranteed return

Interest rate	2020	2019
6 %	0.3 %	0.3 %
5 %	0.3 %	0.3 %
4 %	42.9 %	44.4 %
3.4 %	0.3 %	0.3 %
3 %	28.8 %	29.0 %
2.75 %	1.8 %	1.8 %
2.50 %	10.9 %	11.0 %
2 %	12.2 %	11.2 %
1.5 %	0.1 %	0.0 %
0.5 %	1.6 %	1.3 %
0 %	0.9 %	0.5 %

The table includes premium reserve excluding IBNS.

Average interest rate guarantee in per cent	2020	2019
Individual endowment insurance	2.6 %	2.6 %
Individual pension insurance	3.8 %	3.8 %
Group pension insurance	2.4 %	2.5 %
Paid-up policy	3.3 %	3.3 %
Group life insurance	0.2 %	0.1 %
Total	**3.10 %**	**3.20 %**

The table includes premium reserve excluding IBNS.

There is a 0 per cent interest rate guarantee for premium funds, defined-contribution funds, pensioners' surplus funds and additional statutory reserves.

The interest rate guarantee must be fulfilled on an annual basis. If the company's investment return in any given year is lower than the guaranteed interest rate, the equivalent of up to one year's guaranteed return for the individual policy can be covered by transfers from the policy's additional statutory reserves.

To achieve adequate returns with the present interest rates, it is necessary to take an investment risk. This is primarily done by investing in shares, property and corporate bonds.

Interest rate risk is in a special position because changes in interest rates also affect the fair value of the insurance liability for the solvency calculation. Since pension disbursements may be many years in the future, the insurance liability is particularly sensitive to changes in interest rates. In the Norwegian business, greater interest rate sensitivity from the investments will entail increased risk that the return is below the guaranteed level. The risk management must therefore balance the risk of the profit for the year (interest rate increase) with the reinvestment risk if interest rates fall below the guarantee in the future. Bonds at amortised cost are an important risk management tool.

SPP PENSION & INSURANCE
The guaranteed interest rate is determined by the insurance company and is used when calculating the premium and the guaranteed benefit. The guaranteed interest rate does not entail that there is an annual minimum guarantee for the return as is the case in Norway.

New premiums in individual defined-contribution pensions (IF) have a guarantee of 1.25% for 85% of the premium. Group defined-benefit pension (KF) is closed to new members.

SPP bears the risk of achieving a return equal to the guaranteed interest on the policyholders' assets over time and that the level of the contracts' assets is greater than the present value of the insurance liabilities. For IF, profit sharing becomes relevant in SPP if the return exceeds the guaranteed yield. The contracts' buffer capital must be intact in order for profit sharing to represent a net income for SPP. In the case of KF, a certain degree of consolidation, i.e. that the assets are greater than the present value of the liabilities by a certain percentage, is required in order for the owner to receive profit-sharing income (indexing fee).

If the assets in an insurance contract in the company are less than the market value of the liability, an equity contribution is allocated that reflects this value shortfall. This is termed a deferred capital contribution (DCC), and changes in DCC are recognised in the profit and loss account as they occur. When the contracts' assets exceed the present value of the liabilities, a buffer, which is termed the conditional bonus, is established. Changes in this customer buffer are not recognised in the profit and loss account.

CUSTOMER PORTFOLIO DIVIDED ON ANNUAL GUARANTEED RETURN

Interest rate	2020	2019
5.20 %	12.1 %	12.7 %
4.5 %-5.2 %	0.4 %	0.4 %
4.00 %	4.5 %	3.7 %
3.00 %	47.4 %	48.8 %
2.75 %-4.0 %	5.0 %	5.4 %
2.70 %	0.1 %	0.1 %
2.50 %	5.9 %	6.2 %
1.60 %	0.0 %	0.0 %
1.50 %	1.9 %	2.6 %
1.25 %	4.2 %	4.1 %
1.25 % *	9.7 %	7.6 %
0.5 %-2.5 %	3.5 %	4.0 %
0 %	5.4 %	4.1 %

* 1.25 per cent on 85 per cent of the premium

Average interest rate guarantee in per cent	2020	2019
Individual pension insurance	3.0 %	3.1 %
Group pension insurance	2.6 %	2.6 %
Individual occupational pension insurance	3.1 %	3.1 %
Total	**3.01 %**	**2.88 %**

In the Swedish operations management of interest rate risk is based on the principle that the interest rate risk from assets shall approximately correspond to the interest rate risk from the insurance liabilities.

SENSITIVITY ANALYSES

The tables show the fall in value for Storebrand Life Insurance and SPP's investment portfolios as a result of immediate changes in value related to financial market risk. The calculation is model-based and the result is dependent on the choice of stress level for each category of asset. The stresses have been applied to the company portfolio and guaranteed customer portfolios as at 31 December 2020. The effect of each stress changes the return in each profile.

Unit linked insurance without a guaranteed annual return is not included in the analysis. For these products, the customers bear the market risk and the effect of a falling market will not directly affect the result or buffer capital.

The amount of stress is the same that is used for the company's risk management. Two stress tests have been defined. Stress test 1 is a fall in the value of shares, corporate bonds and property in combination with lower interest rates. Stress test 2 is a somewhat smaller fall in the value of shares, corporate bonds and property in combination with higher interest rates.

Level of stress

	Stress test 1	Stress test 2
Interest level (parallel shift)	-100bp	+100bp
Equity	-20 %	-12 %
Property	-12 %	-7 %
Credit spread (share of Solvency II)	50 %	30 %

Because it is the immediate market changes that are calculated, dynamic risk management will not affect the outcome. If it is assumed that the market changes occur over a period of time, then dynamic risk management would reduce the effect of the negative outcomes and reinforce the positive to some extent.

As a result of customer buffers, the effect of the stresses on the result will be lower than the combined change in value in the table. As at 31 December 2020, the customer buffers were of such a size that the effects on the result were significantly lower.

STRESS TEST 1

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
Sensitivity	NOK million	Share of portfolio	NOK million	Share of portfolio
Interest rate risk	4,275	2.0 %	-150	-0.2 %
Equity risk	-2,447	-1.1 %	-2,162	-2.2 %
Real estate risk	-2,585	-1.2 %	-1,224	-1.3 %
Credit risk	-1,007	-0.5 %	-857	-0.9 %
Total	**-1,764**	**-0.8 %**	**-4,392**	**-4.7 %**

STRESS TEST 2

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
Sensitivity	NOK million	Share of portfolio	NOK million	Share of portfolio
Interest rate risk	-4,274	2.0 %	-150	-0.2 %
Equity risk	-1,466	-0.7 %	-1,297	-1.4 %
Real estate risk	-1,506	-0.7 %	-714	-0.8 %
Credit risk	-603	-0.3 %	-514	-0.5 %
Total	**-7,849**	**-3.7 %**	**-2,376**	**-2.5 %**

STOREBRAND LIVSFORSIKRING
For Storebrand Livsforsikring it is stress test 2, which includes an increase in interest rates, that makes the greatest impact. The overall market risk is NOK 7.8 billion, which is equivalent to 3.7 per cent of the investment portfolio.

If the stress causes the return to fall below the guarantee, it will have a negative impact on the result if the customer buffer is not adequate. Other negative effects on the result are a lower return from the company portfolio and that there is no profit sharing from paid-up policies and individual contracts.

SPP PENSION & INSURANCE
For SPP it is stress test 1, which includes a fall in interest rates, that creates the greatest impact. The overall market risk is SEK 4.4 billion, which is equivalent to 4.7 per cent of the investment portfolio.

The buffer situation for the individual contracts will determine if all or portions of the fall in value will affect the financial result. Only the portion of the fall in value that cannot be settled against the customer buffer will be charged to the result. In addition, the reduced profit sharing or loss of the indexing fees may affect the financial result.

OTHER OPERATIONS
The other companies in the Storebrand Group are not included in the sensitivity analysis, as there is little market risk in these areas. The equity of these companies is invested with little or no allocation to high-risk assets, and the products do not entail a direct risk for the company as a result of price fluctuations in the financial market.

Note 8 Liquidity risk

Liquidity risk is the risk that the company is unable to fulfil its obligations without incurring substantial additional expenses in the form of reduced prices for assets that must be realised, or in the form of especially expensive financing.

For the insurance companies, the life insurance companies in particular, the insurance liabilities are long-term and the cash flows are generally known long before they fall due. In addition, liquidity is required to handle payments related to operations, and there are liquidity needs related to derivative contracts. The liquidity risk is handled by liquidity forecasts and the fact that portions of the investments are in very liquid securities, such as government bonds. The liquidity risk is considered low based on these measures.

Separate liquidity strategies have also been drawn up for other subsidiaries in accordance with the statutory requirements. These strategies specify limits and measures for ensuring good liquidity and a minimum allocation to assets that can be sold at short notice. The strategies define limits for allocations to various asset types and mean the companies have money market investments, bonds, equities and other liquid investments that can be disposed of as required.

In addition to clear strategies and the risk management of liquidity reserves in each subsidiary, the Group's holding company has established a liquidity buffer. The development of the liquid holdings is continuously monitored at the Group level in relation to internal limits. A particular risk is the fact that during certain periods the financial markets can be closed for new borrowing. Measures for minimising the liquidity risk are to maintain a regular maturity structure for the loans, low costs, an adequate liquidity buffer and credit agreements with banks which the company can draw on if necessary.

STOREBRAND LIVSFORSIKRING GROUP

UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES

NOK million	0-6 months	7-12 months	2-3 years	4-5 years	over 5 years	Total	Book value
Subordinated loan capital	295	862	2,204	7,524		10,884	8,834
Other current liabilities	15,671					15,671	15,671
Uncalled residual liabilities Limited partnership	8,251					8,251	
Total financial liabilities 2020	**24,217**	**862**	**2,204**	**7,524**	**-0**	**34,806**	**24,505**
Derivatives related to funding 2020	**-143**	**74**	**-209**			**-278**	**1,220**
Total financial liabilities 2019	**15,962**	**70**	**2,303**	**5,349**	**850**	**24,535**	**16,158**

The agreed remaining term provides limited information about the company's liquidity risk since the vast majority of investment assets can be realised more quickly in the secondary market than the agreed remaining term. The cash flow from perpetual subordinated loans is calculated up to the first call.

STOREBRAND LIVSFORSIKRING GROUP
SPECIFICATION OF SUBORDINATED LOAN CAPITAL

NOK million	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,100	NOK	Variable	2,024	1,100
Dated subordinated loan capital					
Storebrand Livsforsikring AS [1)]	750	SEK	Variable	2,021	789
Storebrand Livsforsikring AS [1)]	1,000	SEK	Variable	2,022	1,044
Storebrand Livsforsikring AS [1)]	900	SEK	Variable	2,025	938
Storebrand Livsforsikring AS [1)]	1,000	SEK	Variable	2,024	1,045
Storebrand Livsforsikring AS	500	NOK	Variable	2,025	499
Storebrand Livsforsikring AS [1)]	300	EUR	Fixed	2,023	3,420
Total subordinated loan capital 2020					**8,834**
Total subordinated loan capital 2019					**8,649**

1) the loans are subject to hedge accounting, see note 40.

FINANCING ACTIVITIES - MOVEMENTS DURING THE YEAR

	Subordinated loan capital	
NOK million	2020	2019
Book value 1.1	8,649	7,948
Admission of new loans/liabilities	499	927
Repayment of loans/liabilities	-872	-128
Change in accrued interest	9	1
Translation differences	566	-101
Change in value/amortisation	-16	1
Book value 31.12	**8,834**	**8,649**

STOREBRAND LIVSFORSIKRING AS
UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES

NOK million	0-6 months	7-12 months	2-3 years	4-5 years	over 5 years	Total	Book value
Subordinated loan capital	295	862	2,204	7,524		10,884	8,834
Other current liabilities	10,413					10,413	10,413
Uncalled residual liabilities Limited partnership	7,686					7,686	
Total financial liabilities 2020	**18,394**	**862**	**2,204**	**7,524**	**0**	**28,984**	**19,248**
Derivatives related to funding 2020	**-143**	**74**	**-209**			**-278**	**1,220**
Total financial liabilities 2019	**12,358**	**70**	**2,303**	**5,349**	**850**	**20,930**	**13,419**

The agreed remaining term provides limited information about the company's liquidity risk since the vast majority of investment assets can be realised more quickly in the secondary market than the agreed remaining term. The cash flow from perpetual subordinated loans is calculated up to the first call

Note 9 Credit risk

Storebrand is exposed to risk of losses as a result of counterparties not fulfilling their debt obligations. This risk also includes losses on lending and losses related to the failure of counterparties to fulfil their financial derivative contracts.

The maximum limits for credit exposure to individual counterparties and for overall credit exposure to rating categories are set by the boards of the individual companies in the Group. Particular attention is paid to ensuring diversification of credit exposure in order to avoid concentrating credit exposure on any particular debtors or sectors. Changes in the credit standing of debtors are monitored and followed up. Thus far, the Group has used published credit ratings wherever possible, supplemented by the company's own credit evaluation.

Underlying investments in funds managed by Storebrand are included in the tables

STOREBRAND LIVSFORSIKRING GROUP

CREDIT RISK BY COUNTERPARTY

Bonds and other fixed-income securities at fair value
Category by issuer or guarantor

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Not rated Fair value	Total Fair value
Government bonds	26,421	12,114	236	13	18		38,803
Corporate bonds	21,169	5,439	29,017	38,735	5,550		99,910
Structured notes				29	6		35
Collateralised securities	3,456	112		12			3,579
Total interest bearing securities stated by rating	**51,046**	**17,664**	**29,253**	**38,789**	**5,575**	**0**	**142,328**
Bond funds not managed by Storebrand							20,847
Non-interest bearing securities managed by Storebrand							2,338
Total 2020	**51,046**	**17,664**	**29,253**	**38,789**	**5,575**	**0**	**165,513**
Total 2019	**43,839**	**21,125**	**28,742**	**31,377**	**795**	**2,482**	**148,041**

Interest bearing securities at amortised cost
Category of issuer or guarantor

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Not rated Fair value	Total Fair value
Government bonds	10,294	14,026	3,092				27,412
Corporate bonds	17,552	11,750	21,855	19,441	15,130		85,728
Structured notes		172			9,005		9,177
Total 2020	**27,846**	**25,948**	**24,947**	**19,441**	**24,135**	**0**	**122,317**
Total 2019	**36,222**	**24,647**	**44,411**	**12,905**	**0**	**3,028**	**121,214**

Counterparties

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Not rated Fair value	Total Fair value
Derivatives		4,783	5,963	46	134	24	10,951
Of which derivatives in bond funds, managed by Storebrand		477	570				1,047
Total derivatives excluding derivatives in bond funds 2020	**0**	**4,306**	**5,393**	**46**	**134**	**24**	**9,903**
Total derivatives excluding derivatives in bond funds 2019	**0**	**3,049**	**1,625**	**0**	**578**	**0**	**5,252**
Bank deposits [1)]		3,311	10,525	6	124		13,967
Of which bank deposits in bond funds, managed by Storebrand			1,452	6			1,459
Total bank deposits excluding bank deposits in bond funds 2020	**0**	**3,311**	**9,073**	**0**	**124**	**0**	**12,508**
Total bank deposits excluding bank deposits in bond funds 2019	**0**	**3,513**	**6,250**	**0**	**0**	**108**	**9,871**
1) of which tied-up bank deposit (tax deduction account)		261					261

Rating classes based on Standard & Poor's.

NIG = Non-investment grade.

STOREBRAND LIVSFORSIKRING AS

CREDIT RISK BY COUNTERPARTY

Bonds and other fixed-income securities at fair value
Category by issuer or guarantor

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Not rated Fair value	Total Fair value
Government bonds	9,953	1,787	166	13	18		11,937
Corporate bonds	6,640	2,627	20,052	28,943	2,466		60,728
Structured notes				29	6		35
Collateralised securities	1,199			12			1,210
Total interest bearing securities stated by rating	**17,792**	**4,414**	**20,218**	**28,997**	**2,490**	**0**	**73,911**
Bond funds not managed by Storebrand							3,955
Non-interest bearing securities managed by Storebrand							2,256
Total 2020	**17,792**	**4,414**	**20,218**	**28,997**	**2,490**	**0**	**80,122**
Total 2019	**12,023**	**6,400**	**19,960**	**23,924**	**153**	**1,044**	**71,329**

Interest bearing securities at amortised cost
Category of issuer or guarantor

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Not rated Fair value	Total Fair value
Government bonds	10,294	14,026	3,092				27,412
Corporate bonds	17,552	11,750	21,855	19,441	15,130		85,728
Structured notes		172			9,005		9,177
Total 2020	**27,846**	**25,948**	**24,947**	**19,441**	**24,135**	**0**	**122,317**
Total 2019	**36,222**	**24,647**	**44,411**	**12,905**	**0**	**3,028**	**121,214**

Counterparties

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Not rated Fair value	Total Fair value
Derivatives		4,629	3,861		134	24	8,648
Of which derivatives in bond funds, managed by Storebrand		471	563				1,034
Total derivatives excluding derivatives in bond funds 2020	**0**	**4,158**	**3,298**	**0**	**134**	**24**	**7,615**
Total derivatives excluding derivatives in bond funds 2019	**0**	**2,449**	**184**	**0**	**578**	**0**	**3,211**
Bank deposits [1]		3,287	6,118	6	124		9,535
Of which bank deposits in bond funds, managed by Storebrand			1,376	6			1,382
Total bank deposits excluding bank deposits in bond funds 2020		**3,287**	**4,741**	**0**	**124**	**0**	**8,153**
Total bank deposits excluding bank deposits in bond funds 2019		**3,413**	**3,319**	**0**	**0**	**108**	**6,841**
1) of which tied-up bank deposit (tax deduction account)		259					259

Rating classes based on Standard & Poor’s.

NIG = Non-investment grade.

STOREBRAND LIVSFORSIKRING GROUP

Investments subjected to netting agreements/CSA

NOK million	Booked value financial assets	Booked value financial liabilities	Net booked financial assets/ liabilities	Collateral Cash (+/-)	Collateral Securities (+/-)	Net exposure
Investments subject to netting agreements	9,903	886	9,148	5,741	148	3,259
Investments not subject to netting agreements						
Total counterparts 2020	**9,903**	**886**	**9,148**			
Total counterparts 2019	**5,252**	**932**	**4,320**	**2,586**	**-172**	**1,907**

STOREBRAND LIVSFORSIKRING AS

Investments subjected to netting agreements/CSA

NOK million	Booked value financial assets	Booked value financial liabilities	Net booked financial assets/ liabilities	Collateral Cash (+/-)	Collateral Securities (+/-)	Net exposure
Total counterparts 2020	**7,615**	**401**	**7,214**	**5,741**	**148**	**1,325**
Total counterparts 2019	**3,211**	**421**	**2,789**	**852**	**24**	**1,913**

The Group has entered into framework agreements with all its counterparties to reduce the risk inherent in outstanding derivative transactions. These regulate how collateral is to be pledged against changes in market values that are calculated on a daily basis, among other things.

STOREBRAND LIVSFORSIKRING GROUP

Financial assets at fair value through profit and loss (FVO)

NOK million	2020	2019
Booked value maximum exposure for credit risk	173,178	154,778
Net credit risk	**173,178**	**154,778**
This year's change in fair value due to change in credit risk	-5	-282
Accumulated change in fair value due to change in credit risk	-922	

Storebrand has none related credit derivatives or collateral.

STOREBRAND LIVSFORSIKRING AS

Financial assets at fair value through profit and loss (FVO)

NOK million	2020	2019
Booked value maximum exposure for credit risk	80,409	71,329
Net credit risk	**80,409**	**71,329**
This year's change in fair value due to change in credit risk	77	-17
Accumulated change in fair value due to change in credit risk	-533	

Storebrand has none related credit derivatives or collateral.

THE LOAN PORTFOLIO

The corporate market portfolio consists of income-generating real estate and development real estate with few customers and low defaults which are essentially secured on commercial property.

In the retail market, most of the loans are secured by means of home mortgages. Customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, customers are checked regarding policy rules and credit ratings are classified.

The weighted average loan-to-value ratio for retail market loans is approximately 53 per cent on home loans. About 95 per cent of home loans have a loan to value ratio within 70 per cent and approximately 99 per cent are within 80 per cent loan to value ratio. About 66 per cent of the home loans are within a 60 per cent LVR. The portfolio is considered to have low credit risk.

STOREBRAND LIVSFORSIKRING GROUP

Loans
Commitments by customer groups

NOK million	Lending to and receivables from customers	Undrawn credit limits	Total commitments	Individual writedowns	Net non-performing loans
Sale and operation of real estate	11,389		11,389		
Wage-earners and others	17,700	64	17,765		
Others	2,366		2,366	8	8
Total	**31,456**	**64**	**31,521**	**8**	**8**
- Individual write-downs	-21		-21		
Total lending to and receivables from customers 2020	**31,435**	**64**	**31,500**	**8**	**8**
Total lending to and receivables from customers 2019	**30,472**	**83**	**30,555**	**8**	**8**

The division into customer groups is based on Statistics Norway's standard for sector and business grouping. The placement of the individual customer is determined by the customer's primary business.

Total commitments by remaining term

	2020			2019		
NOK million	Lending to and receivables from customers	Undrawn credit limits	Total commitments	Lending to and receivables from customers	Undrawn credit limits	Total commitments
Up to one month	0					
2 - 3 months	140		140	140		140
4 months - 1 year	472	5	477	472	5	477
2 -5 years	8,866	31	8,897	8,866	31	8,897
More than 5 years	21,002	48	21,050	21,002	48	21,050
Total gross commitments	**30,480**	**83**	**30,564**	**30,480**	**83**	**30,564**

Commitments are regarded as non-performing and loss exposed when a credit facility has been overdrawn for more than 90 days and when an instalment loan has arrears older than 90 days and the amount is at least NOK 2000.

Credit risks by customer groups

NOK million	Individual writedowns	Total value changes recognised in the period
Others	-21	-21
Total 2020	**-21**	**-21**
Total 2019	**-8**	**-8**

STOREBRAND LIVSFORSIKRING AS

Loans
Commitments by customer groups

NOK million	Lending to and receivables from customers	Undrawn credit limits	Total commitments	Commitments without writedowns	Individual writedowns	Net non-performing loans
Sale and operation of real estate	5,144		5,144			
Wage-earners and others	17,700	64	17,765	15		15
Others	1,098		1,098		-1	1
Total	**23,942**	**64**	**24,007**	**15**	**-1**	**16**
- Individual write-downs	-1		-1			0
Total lending to and receivables from customers 2020	**23,941**	**64**	**24,006**	**15**	**-1**	**16**
Total lending to and receivables from customers 2019	**24,078**	**83**	**24,161**	**0**	**-1**	**1**

The division into customer groups is based on Statistics Norway's standard for sector and business grouping. The placement of the individual customer is determined by the customer's primary business.

Total commitments by remaining term

	2020			2019		
NOK million	Lending to and receivables from customers	Undrawn credit limits	Total commitments	Lending to and receivables from customers	Undrawn credit limits	Total commitments
2 - 3 months	462	2	464	140		140
4 months - 1 year	912	1	913	7	5	12
2 -5 years	3,721	23	3,743	4,786	31	4,816
More than 5 years	18,848	39	18,887	19,147	48	19,195
Total gross commitments	**23,942**	**64**	**24,007**	**24,079**	**83**	**24,163**

Commitments are regarded as non-performing and loss exposed when a credit facility has been overdrawn for more than 90 days and when an instalment loan has arrears older than 90 days and the amount is at least NOK 2000.

Credit risks by customer groups

NOK million	Individual writedowns	Total value changes recognised in the period
Others	-1	-1
Total 2020	**-1**	**-1**
Total 2019	-1	-1

Note 10 Concentrations of risk

Most of the risk for the Storebrand Group relates to the guaranteed pension products in the life insurance companies. These risks are consolidated in the Storebrand Life Insurance Group, which includes the Storebrand Livsforsikring AS, SPP Pension & Försäkring AB and the business in Ireland (BenCo).

For the life insurance businesses, the greatest risks are largely the same in Norway and Sweden. The financial market risk will depend significantly on global circumstances that influence the investment portfolios in all businesses. The insurance risk may be different for the various companies, and long life in particular can be influenced by universal trends.

The insurance business primarily has a credit risk relating to bonds with significant geographical and industry-related diversification.

The financial market and investment risks are largely related to the customer portfolios in the life insurance business. The risk associated with a negative outcome in the financial market is described and quantified in Note 7, financial market risk.

In the short term, an interest rate increase will negatively impact on the returns for the life insurance companies.

Storebrand has climate risks associated with investments and insurance liabilities. Both physical climate change and risks from the transition to low emissions can have an impact, but the transition risk is greatest in the short and medium terms. Storebrand may be adversely affected if the Norwegian economy and the oil sector weaken, however the risk is somewhat offset by underweighted investments in the fossil fuel sector and overweighted investments in solution companies. For investments, the effect of climate risk is difficult to differentiate from other factors that influence financial market developments.

Note 11 Valuation of financial instruments and properties

The Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Fund units are generally valued at the updated official NAV prices when such prices exist. Bonds are generally valued based on prices collected from Nordic bond pricing and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. This principally applies to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will most often be specific to the issuer.

Unlisted derivatives, such as forward exchange contracts and interest rate and foreign exchange swaps, are also valued theoretically. Money market rates, swap rates and exchange rates that form the basis for valuations are supplied by Reuters and Bloomberg. The valuations of currency options and swaptions are provided by Markit.

The Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. This involves controlling and assessing the likelihood of unusual changes.

The Group categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

LEVEL 1: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICES FOR IDENTICAL ASSETS IN ACTIVE MARKETS
This category encompasses listed equities that over the previous three months have experienced average daily trading equivalent to approximately NOK 20 million or more. Based on this, the equities are regarded as sufficiently liquid to be included at this level. Bonds, certificates or equivalent instruments issued by national governments in local currencies are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures will also be included at this level.

LEVEL 2: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF OBSERVABLE MARKET INFORMATION NOT COVERED BY LEVEL 1
This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, as well as non-standardised interest rate and foreign exchange derivatives are classified as level 2. Fund investments, including hedge funds but excluding other alternative investment funds, are generally classified as level 2.

LEVEL 3: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF INFORMATION THAT IS NOT OBSERVABLE IN ACCORDANCE WITH LEVEL 2

Equities classified as level 3 are primarily investments in unlisted/private companies as well as funds consisting of these. These include investments in forestry, microfinance, infrastructure and property. Private equity is generally classified at this level through direct investments or investments in funds. Private customer loans and funds consisting of these are also at level 3.

The types of mutual funds classified as level 3 are discussed in more detail below with a reference to the type of mutual fund and the valuation method. Storebrand is of the opinion that the valuation method used represents a best estimate of the mutual fund's market value.

Equities

Forestry represents most of the value of the level 3 shares. An external valuation was carried out as at 31 December which forms the basis for the valuation of the company's investments. The valuation is based on models that include non-observable assumptions.

For alternative investments organised as limited liability companies, equity investments are valued based on the value-adjusted equity reported by external sources when available.

In the case of private equity investments, the valuation is normally based on either the most recent transaction or a model in which a company that is in continuous operation is assessed by comparing the key figures with groups of equivalent listed companies.

Units

Of the fund units, it is private equity investments that represent the majority at level 3. Moreover, there are also some other types of funds, such as infrastructure funds and microfinance funds, loan funds and property funds here. The majority of Storebrand's private equity investments are investments in private equity funds. These fund investments are valued based on the value reported by the funds. Most of the funds report on a quarterly basis, while a few report less often. Reporting typically takes place with a few months' delay. The most recently received valuations are used as a basis, adjusted for cash flows and market effects in the period from the most recent valuation until the reporting date. For private equity, the market effect is calculated based on the development in value in the relevant index, multiplied by the estimated beta in relation to this index.

Loans to customers

The value of fixed-rate loans is determined by discounting the agreed cash flows over the remaining maturity by the current discount rate adjusted for market spread. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the remaining lock-in period for the underlying loans. The market spread that is used on the balance sheet date is determined by assessing the market conditions, market price and the associated swap interest rate. However, the fair value of loans to corporate customers with margin loans is lower than the amortised cost because certain loans run with lower margins than they would have done if they had been taken up as of the end of 2020. The value shortfall is calculated by discounting the difference between the agreed margin and the current market price over the remaining duration.

Corporate bonds

Bonds are normally not priced at level 3, but if the loan is in default and a payment is expected, these are priced based on the expected payment. As at 31 December 2020, this was not a significant amount for Storebrand's financial statements.

Investment properties

The investment properties primarily consist of office buildings located in Oslo and Stockholm and shopping centres in Southern Norway.

Office properties and shopping centres in Norway:
The required rate of return is of greatest importance when calculating the fair value for investment properties.

An individual required rate of return is determined for each property. The required rate of return is viewed in connection with the related cash flow for the property. The knowledge available about the market's required rate of return, including transactions and appraisals, is used when determining the cash flow.

The required rate of return is divided into the following elements:

- Risk-free interest
- Risk premium, adjusted for:
  - Type of property
  - Location
  - Structural standard
  - Environmental standard
  - Duration of the contract
  - Quality of tenant
  - Other factors such as transactions and perception in the market, vacancy and general knowledge about the market and the individual property.

When calculating fair value, Storebrand uses internal cash flow models. Net cash flows for the individual property are discounted by an individual required rate of return. A future income and expense picture for the first 10 years has been estimated for the office properties and a final value has been calculated for the end of the 10th year based on market rent and normal operating costs for the property. A future income and expense picture for the first 6 years has been estimated for the shopping centre properties and a final value has been calculated for the end of the 6th year based on market rent and normal operating costs for the property. In both models, the net income stream has been taken into consideration for existing and future loss of income due to vacancy, necessary investments and an assessment of the future development in the market rent. The majority of new contracts that are entered into have a duration of five or ten years for offices (three to five years for trading). The cash flows from the lease agreements (contractual rent) are included in the valuations. To estimate the long-term, future non-contractual rental incomes, a forecasting model has been developed. The office model is based on the rental price overview from Areastatistics, as well as data and observations from brokers. A long-term, time-weighted average of the annual observations is calculated in which the oldest observations are weighted with the lowest importance. For non-contractual rent in the short-term, the current rental prices and market situation are used. For trading, the forecast is based on the development of the shopping centre.

External valuation:

For properties in the Norwegian business, a methodical approach is taken to a selection of properties that are to be externally valued each quarter so that all properties have had an external valuation at least every three years. In 2020, external valuations were obtained for properties worth NOK 18.3 billion (85 per cent of the portfolio's value as at 31 December 2020).

For quality control and updating of the internal model, external valuations shall be obtained each quarter from reputable appraisers to verify the value that appears when using the internal model. When obtaining such valuations, the individual appraiser's routines for valuations, including collection of information, inspections etc., shall apply. External valuations shall be rotated in such a way that all segments are regularly appraised. The task of valuing investment properties shall be rotated between reputable appraisers within a reasonable time interval, and knowledge of the property must be taken into consideration. In the event of a discrepancy between the valuation and value obtained using the internal model, the model shall be used as long as the discrepancy is within what is discretionarily considered to be best practice in the market. If there is a discrepancy of more than 5% between the internal and external valuation, the discrepancy shall be reported and the grounds for this provided in the valuation memorandum/valuation item memorandum that is presented to the Board of Storebrand Livsforsikring AS.

External valuations are obtained for properties in the Swedish business. Shopping centres and commercial premises are valued annually, while other wholly-owned property investments are valued on a quarterly basis.

STOREBRAND LIVSFORSIKRING GROUP

FAIR VALUE CLASSIFIED AT LEVEL

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total fair value 2020	Total fair value 2019
Assets					
Equities and units					
- Equities	31,285	109	839	32,233	28,673
- Units		188,955	9,360	198,314	165,372
Total equities and units 31.12.2020	**31,285**	**189,064**	**10,199**	**230,548**	
Total equities and units 31.12.2019	**28,007**	**156,553**	**9,485**		**194,045**
Loans to customers					
- Loans to customers - corporate			7,665	7,665	6,736
Total loans to customers 31.12.2020				**7,665**	
Total loans to customers 31.12.2019			**7,665**		**6,736**
Bonds and other fixed income securities					
- Government bonds	15,959	18,248		34,206	31,416
- Corporate bonds		61,724	318	62,043	60,055
- Collateralised securities		3,128		3,128	1,219
- Bond funds		56,940	9,196	66,136	55,350
Total bonds and other fixed income securities 31.12.2020	**15,959**	**140,040**	**9,514**	**165,513**	
Total bonds and other fixed income securities 31.12.2019	**10,638**	**131,898**	**5,505**		**148,040**
Derivatives:					
- Equity derivatives					1
- Interest derivatives		5,664		5,664	2,539
- Currency derivatives		3,353		3,353	1,780
Total derivatives 31.12.2020		**9,017**		**9,017**	**4,321**
- derivatives with a positive market value		9,903		9,903	5,253
- derivatives with a negative market value		-886		-886	-932
Total derivatives 31.12.2019		**4,321**			**4,321**
Real estate:					
- real estate at fair value			32,117	32,117	29,415
- real estate for own use			1,609	1,609	1,375
Total real estate 31.12.2020			**33,726**	**33,726**	
Total real estate 31.12.2019			**30,790**		**30,790**

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	7	95

Movements from level 1 to level 2 reflect reduced sales value in the relevant equities in the last measuring period. On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

Movement level 3

NOK million	Equities	Units	Loans to customers	Corporate bonds	Bond Funds	Investment real estate	Real estate for own use
Book value 01.01	469	9,016	6,736	15	5,490	29,415	1,375
Net profit/loss	-121	184	-173	308	-287	84	72
Supply/disposal	511	1,253	1,738		3,798	1,099	45
Sales/overdue/settlement	-20	-1,334	-1,343	-6	-327		-2
Translation differences		241	707	1	523	1,086	115
Other						432	4
Book value 31.12.20	**839**	**9,360**	**7,664**	**318**	**9,196**	**32,116**	**1,609**

As of 31.12.20, Storebrand Livsforsikring had NOK 6 166 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26 AS. The investments are classified as "Investment in Associated Companies/joint-controlled companies" in the Consolidated Financial Statements. Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26 invests exclusively in real estate at fair value.

STOREBRAND LIVSFORSIKRING AS

FAIR VALUE CLASSIFIED AT LEVEL

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total fair value 2020	Total fair value 2019
Assets					
Equities and units					
- Equities	29,362	102	328	29,791	2,327
- Fund units		61,137	7,291	68,428	60,547
Total equities and units 31.12.2020	**29,362**	**61,239**	**7,619**	**98,219**	
Total equities and units 31.12.2019	**1,685**	**53,883**	**7,306**		**62,874**
Loans to customers					
- Loans to customers - corporate			287	287	343
Total loans to customers 31.12.2020			**287**	**287**	
Total loans to customers 31.12.2019			**343**		**343**
Bonds and other fixed income securities					
- Government bonds	7,497	164		7,661	4,992
- Corporate bonds		27,994	318	28,313	25,794
- Collateralised securities		1,097		1,097	732
- Bond funds		42,086	966	43,052	39,467
Total bonds and other fixed income securities 31.12.2020	**7,497**	**71,341**	**1,285**	**80,122**	
Total bonds and other fixed income securities 31.12.2019	**4,899**	**65,316**	**771**		**70,986**
Derivatives:					
- Equity derivatives					1
- Interest derivatives		4,233		4,233	1,238
- Currency derivatives		2,981		2,981	1,550
Total derivatives 31.12.2020		**7,214**		**7,214**	
- derivatives with a positive market value		7,615		7,615	
- derivatives with a negative market value		-401		-401	
Total derivatives 31.12.2019		**2,789**			**2,789**

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	7	95

Movements from level 1 to level 2 reflect reduced sales value in the relevant equities in the last measuring period. On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

Movement level 3

NOK million	Equities	Units	Loans to customers	Corporate bonds	Bond Funds
Book value 01.01	469	6,837	343	8	763
Net profit/loss	-121	419	27	311	-19
Supply/disposal		1,057	147		291
Sales/overdue/settlement	-20	-1,022	-230		-69
Book value 31.12.20	**328**	**7,291**	**286**	**318**	**966**

FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total fair value 2020	Total fair value 2019	Book value 2020	Book value 2019
Financial assets							
Loans to customers - corporate			6,065	6,065	6,169	6,052	6,194
Loans to customers - retail			17,719	17,719	17,542	17,719	17,542
Bonds held to maturity		14,244		14,244	14,433	13,026	13,377
Bonds classified as loans and receivables		106,436	1,636	108,072	100,588	100,207	96,909
Total fair value 2020		**120,681**	**25,420**	**146,100**		**137,004**	
Total fair value 2019		**113,483**	**25,248**		**138,732**		**134,023**
Financial liabilities							
Subordinated loan capital		8,903		8,903	8,729	8,834	8,649
Total fair value 2020		**8,903**		**8,903**		**8,834**	
Total fair value 2019		**8,729**			**8,729**		**8,649**

SENSITIVITY ASSESSMENTS

EQUITIES

It is the forest investment in Hancock that accounts for most of the value of Level 3 equities. Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return.

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	Change in value at change in discount rate		Change in value at change in discount rate	
NOK million	Increase + 25 bp	Decrease - 25 bp	Increase + 25 bp	Decrease - 25 bp
Change in fair value as at 31.12.20	-12	11	-12	11
Change in fair value as at 31.12.19	-19	21	-19	21

FUND UNITS

Large portions of the portfolio are private equity funds invested in companies priced against comparable listed companies. The valuation of the private equity portfolio will thus be sensitive to fluctuations in global equity markets. The private equity portfolio has an estimated Beta relative to the MSCI World (Net – currency hedged to NOK) of around 0.54.

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	Endring MSCI World		Endring MSCI World	
NOK million	Increase + 10 %	Decrease - 10 %	Increase + 10 %	Decrease - 10 %
Change in fair value as at 31.12.20	430	-430	339	-339
Change in fair value as at 31.12.19	413	-413	320	-320

The valuation of indirect property investments will be sensitive to a change in the required rate of return and the expected future cash flow. Remaining indirect property investments are no longer leveraged.

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	Change indirect property investments		Change indirect property investments	
NOK million	Increase + 10 %	Decrease - 10 %	Increase + 10 %	Decrease - 10 %
Change in fair value as at 31.12.20	1	-1	1	-1
Change in fair value as at 31.12.19	1	-1	1	-1

LOANS TO CUSTOMERS

Loans are valued at fair value. The fair value is determined by discounting future cash flows with the associated swap curve adjusted for a customer-specific credit spread. Loans from SPP Pension & Försäkring AB are appraised at fair value. The value of these loans is determined by future cash flows being discounted by an associated swap curve adjusted for a customer-specific credit spread.

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	Change in marketspread		Change in marketspread	
NOK million	+ 10 bp	- 10 bp	+ 10 bp	- 10 bp
Change in fair value as at 31.12.20	-27	27	-7	7
Change in fair value as at 31.12.19	-27	27	-9	9

CORPORATE BONDS

Bonds are usualy not priced at level 3, but in some cases, when they are non-preforming loans, they are priced based on the expected payment. As of 31.12.20, this was not a significant amount for Storebrand's accounts.

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	Change MSCI World		Change MSCI World	
NOK million	Increase + 10 %	Decrease - 10 %	Increase + 10 %	Decrease - 10 %
Change in fair value as at 31.12.20	15	-15	15	-15
Change in fair value as at 31.12.19	0	0	0	0

PROPERTIES

The sensitivity assessment for real estate includes investments properties.

The valuation of property is particularly sensitive to a change in the required rate of return and the expected future cash flow. A change of 0.25 per cent in the required rate of return when everything else remains unchanged will result in a change in the value of Storebrand's property portfolio of approximately 5 per cent. Approximately 25 per cent of the property's cashflow is linked to leases. This means that the changes in the uncertain parts of the cash flow by 1 per cent entail a change in value of 0.75 per cent.

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	Change in required rate of return		Change in required rate of return	
NOK million	0,25%	-0,25%	0,25%	-0,25%
Change in fair value as at 31.12.20	-1,827	2,041	-1,128	1,251
Change in fair value as at 31.12.19	-1,560	1,699	-1,065	1,129

Note 12 Profit and loss account by class of business

NOK million	Group pension private sector	Group pension public sector	Group life insurance	Endowment insurance	Annuity/ pensi-on insurance	Non-life insurance
Premium income	19,408	613	835	2,216	712	358
Net income from financial assets – collective portfolio	9,505	197	61	157	362	25
Net income from financial assets with investment choice	10,006			870	505	
Other insurance related income	706		1	63	45	
Claims	-13,308	-452	-705	-1,278	-1,302	-241
– Of which agreements terminated/withdrawals from endowment policies	-163	-342		-47	-7	
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	-3,739	-237	-191	-26	644	-109
Changes in insurance obligations recognised in the Profit and Loss account with investment choice	-20,182			-1,572	-826	
Funds allocated to insurance contracts contractual obligations	-539	-82		-75	-9	
Insurance related operating costs	-883	-49	-52	-185	-127	-66
Other insurance related costs	-187		-51	-5	-3	-1
Technical result 2020	**786**	**-9**	**-102**	**164**	**2**	**-34**
Technical result 2019	**1,046**	**18**	**-40**	**172**	**-30**	**15**

NOK million	Storebrand Livsforsikring AS	Euroben	SPP	Storebrand Livsforsikring group
Premium income	24,142	23	18,639	42,805
Net income from financial assets – collective portfolio	10,308	420	3,700	14,429
Net income from financial assets with investment choice	11,381		5,037	16,418
Other insurance related income	815	1	610	1,426
Claims	-17,285	-447	-10,777	-28,509
– Of which agreements terminated/withdrawals from endowment policies	-559		-40	-519
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	-3,658	50	-1,180	-4,788
Changes in insurance obligations recognised in the Profit and Loss account with investment choice	-22,580		-14,181	-36,761
Funds allocated to insurance contracts contractual obligations	-705			-705
Insurance related operating costs	-1,362	-18	-1,012	-2,393
Other insurance related costs	-247		-32	-279
Technical result 2020	**808**	**30**	**805**	**1,643**
Technical result 2019	**1,180**	**24**	**699**	**1,871**

ENDOWMENT INSURANCE

NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	2020	2019
Premium income	218	496	1,502	2,216	1,927
Net income from financial assets – collective portfolio	91	66		157	189
Net income from financial assets with investment choice			870	870	807
Other insurance related income			62	63	62
Claims	-287	-196	-796	-1,278	-1,953
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	137	-160	-3	-26	42
Changes in insurance obligations recognised in the Profit and Loss account with investment choice			-1,572	-1,572	-660
Funds allocated to insurance contracts contractual obligations	-75			-75	-30
Insurance related operating costs	-43	-94	-48	-185	-208
Other insurance related costs	-1	-1	-4	-5	-4
Technical result	**40**	**112**	**11**	**164**	**172**

ANNUITY/PENSION INSURANCE

NOK million	Profit allocation	Investment choice	2020	2019
Premium income	17	694	712	522
Net income from financial assets – collective portfolio	362		362	470
Net income from financial assets with investment choice		505	505	613
Other insurance related income	1	44	45	44
Claims	-956	-345	-1,302	-1,353
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	645	-1	644	603
Changes in insurance obligations recognised in the Profit and Loss account with investment choice		-826	-826	-751
Funds allocated to insurance contracts contractual obligations	-9		-9	-13
Insurance related operating costs	-54	-73	-127	-165
Other insurance related costs		-3	-3	-0
Technical result	**5**	**-3**	**2**	**-30**

GROUP PENSION PRIVATE INSURANCE

NOK million	Company pension without investment choice	Paid-up policies without investment choice	Paid-up policies with investment choice	Occupational pension without profit-sharing	Pension certificate without investment choice
Premium income	1,670	5	133	1	459
Net income from financial assets – collective portfolio	1,310	7,902			161
Net income from financial assets with investment choice			1,468		
Other insurance related income	5	74	127		
Claims	-691	-6,363	-270		-451
Changes in insurance obligations recognised in the Profit and Loss account					
contractual obligations	-1,926	-511		-10	-177
Changes in insurance obligations recognised in the Profit and Loss account with investment choice			-1,363		
Funds allocated to insurance contracts					
contractual obligations	-152	-377	32		-8
Insurance related operating costs	-160	-266	-26		-12
Other insurance related costs	-11	-61	-8		-3
Technical result	**43**	**403**	**93**	**-9**	**-30**

GROUP PENSION PRIVATE INSURANCE

NOK million	Defined contribution pension with investment choice	Pension capital certificate without investment choice	Pension capital certificate with investment choice
Premium income	1,084		1,123
Net income from financial assets – collective portfolio		6	113
Net income from financial assets with investment choice	184		
Other insurance related income	5		3
Claims	-31		-50
Changes in insurance obligations recognised in the Profit and Loss account			
contractual obligations			-1,064
Changes in insurance obligations recognised in the Profit and Loss account with investment choice	-1,237		
Funds allocated to insurance contracts			
contractual obligations		-4	-30
Insurance related operating costs	-12		-98
Other insurance related costs	-1		-22
Technical result	**-7**	**1**	**-24**

GROUP PENSION PRIVATE INSURANCE

NOK million	Defined contribution pension with investment choice	Pension capital certificate without investment choice	Pension capital certificate with investment choice	2020	2019
Premium income	14,108	130	695	19,408	16,380
Net income from financial assets – collective portfolio		14		9,505	9,160
Net income from financial assets with investment choice	4,964		3,389	10,006	12,477
Other insurance related income	246		246	706	719
Claims	-3,971	-89	-1,393	-13,308	-12,345
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations		-52		-3,739	-4,032
Changes in insurance obligations recognised in the Profit and Loss account with investment choice	-15,043		-2,539	-20,182	-19,723
Funds allocated to insurance contracts contractual obligations				-539	-385
Insurance related operating costs	-175		-135	-883	-963
Other insurance related costs	-65		-15	-187	-242
Technical result	**64**	**3**	**249**	**786**	**1,046**

GROUP PENSION PUBLIC INSURANCE

NOK million	Defined benefit without investment choice	2020	2019
Premium income	613	613	243
Net income from financial assets – collective portfolio	197	197	177
Other insurance related income		0	0
Claims	-452	-452	-130
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	-237	-237	-96
Funds allocated to insurance contracts contractual obligations	-82	-82	-9
Insurance related operating costs	-49	-49	-36
Other insurance related costs		0	-131
Technical result	**-9**	**-9**	**18**

Note 13 Profit analysis by class of insurance

NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endow-ment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring AS 2020	Storebrand Livsforsikring AS 2019	Euroben 2020	SPP 2020	Storebrand Livsforsikring group 2020	Storebrand Livsforsikring group 2019
Financial income [1]	17,875	143	52	1,010	838	20	19,939	20,524	421	3,569	23,930	26,709
Guaranteed yield	-14,902	-62	-31	-999	-828	-14	-16,837	-19,425	-430	-3,547	-20,813	-25,485
- of which transferred to premium fund	-3						-3	-2	0	0	-3	-35
Investment result	**2,973**	**81**	**22**	**11**	**9**	**6**	**3,103**	**1,099**	**-9**	**22**	**3,117**	**1,223**
Risk premium	0	-7	754	628	-101	302	1,577	1,585	0	181	1,758	1,739
Risk addition [1]	63	15	-871	-373	120	-339	-1,385	-884	2	7	-1,376	-983
Net reinsurance etc. [1]	-27		-21	-1		10	-38	24	0	-3	-41	20
Risk result	**36**	**9**	**-138**	**254**	**19**	**-27**	**153**	**724**	**2**	**186**	**341**	**777**
Administration premium [1]	1,466	19	67	164	117	52	1,884	1,852	55	1,576	3,515	3,323
Operating expenses	-883	-49	-52	-185	-127	-66	-1,362	-1,509	-18	-979	-2,360	-2,468
Administration result	**582**	**-30**	**14**	**-22**	**-10**	**-13**	**522**	**342**	**37**	**597**	**1,155**	**855**
Premium for guaranteed interest	209	13					222	265	0	0	222	265
Risk profit	33	4					37	41	0	0	37	41
Gross result for sector	**3,834**	**76**	**-102**	**244**	**19**	**-34**	**4,037**	**2,471**	**30**	**805**	**4,872**	**3,162**
To/from additional statutory reserve	-2,508	-3		-4	-8		-2,524	-853			-2,524	-853
Investment result to policyholders	-430	-78					-508	-199			-508	-199
Risk result to policyholders	-109	-4					-113	-196			-113	-196
Other allocation of profit to customer				-75	-9		-84	-43			-84	-43
Profit for the year (to owner)	**786**	**-9**	**-102**	**164**	**2**	**-34**	**808**	**1,180**	**30**	**805**	**1,643**	**1,871**
To the risk equalisation fund	**-32**	**4**	**0**	**0**	**0**	**0**	**-27**	**232**			**-27**	**232**

1) The items other insurance-related income (in note 18) and other insurance-related costs (in note 24) are allocated in accordance with their purpose.

ENDOWMENT INSURANCE

NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	Storebrand Livsforsikring AS 2020	2019
Financial income [1]	84	60	866	1,010	951
Guaranteed yield	-75	-54	-870	-999	-935
Investment result	**10**	**5**	**-4**	**11**	**16**
Risk premium	187	437	4	628	603
Risk addition [1]	-82	-286	-4	-373	-374
Net reinsurance etc. [1]				-1	-1
Risk result	**104**	**150**	**0**	**254**	**228**
Administration premium [1]	49	51	64	164	165
Operating expenses	-43	-94	-48	-185	-208
Administration result	**6**	**-43**	**15**	**-22**	**-43**
Gross result for sector	**120**	**112**	**11**	**244**	**201**
To/from additional statutory reserve	-4			-4	1
Other allocation of profit to customer	-75			-75	-29
Profit for the year (to owner)	**40**	**112**	**11**	**164**	**172**

1) The items other insurance-related income (in note 18) and other insurance-related costs (in note 24) are allocated in accordance with their purpose.

ANNUITY/PENSION INSURANCE

NOK million	Profit allocation	Not eligible for profit allocation	Storebrand Livsforsikring AS 2020	2019
Financial income [1]	335	502	838	974
Guaranteed yield	-323	-505	-828	-961
Investment result	**12**	**-3**	**9**	**13**
Risk premium	-99	-2	-101	-99
Risk addition [1]	120	1	120	122
Risk result	**21**	**-1**	**19**	**23**
Administration premium [1]	44	73	117	118
Operating expenses	-54	-73	-127	-165
Administration result	**-10**	**1**	**-10**	**-47**
Gross result for sector	**22**	**-3**	**19**	**-11**
To/from additional statutory reserve	-8		-8	-5
Other allocation of profit to customer	-9		-9	-13
Profit for the year (to owner)	**5**	**-3**	**2**	**-30**

1) The items other insurance-related income (in note 18) and other insurance-related costs (in note 24) are allocated in accordance with their purpose.

GROUP PENSION PRIVATE SECTOR

NOK million	Company pension without investment choice	Paid-up policies without investment choice	Paid-up policies with investment choice	Occupational pension without investment choice	Occupational pension with investment choice	Pension certificate without investment choice
Financial income 1)	960	6,720	1,461	119	184	5
Guaranteed yield	-512	-4,265	-1,468	-52	-184	-0
- of which transferred to premium fund	-2	0		-0		
Investment result	**448**	**2,454**	**-7**	**67**	**-0**	**5**
Risk premium	-46	-504	-74	-222		
Risk addition 1)	-96	778	42	180		-0
Net reinsurance etc. 1)	-4	-1				
Risk result	**-147**	**273**	**-32**	**-42**		**-0**
Administration premium 1)	123	459	127	12	5	0
Operating expenses	-160	-266	-26	-12	-12	
Administration result	**-38**	**194**	**101**	**-0**	**-7**	**0**
Premium for guaranteed interest	197			13		
Risk profit	29					
Gross result for sector	**489**	**2,921**	**61**	**37**	**-7**	**5**
To/from additional statutory reserve	-293	-2,151		-59		
Investment result to policyholders	-152	-236		-8		-4
Risk result to policyholders		-141	32			
Profit for the year (to owner)	**43**	**394**	**93**	**-30**	**-7**	**1**
To the risk equalisation fund	**-144**	**155**		**-42**		**-0**

1) The items other insurance-related income (in note 18) and other insurance-related costs (in note 24) are allocated in accordance with their purpose.

GROUP PENSION PRIVATE SECTOR

					Storebrand Livsforsikring AS	
NOK million	Occupational pension without profit-sharing	Defined contribution pension with investment choice	Pension capital certificate without investment choice	Pension capital certificate with investment choice	2020	2019
Financial income [1]	92	4,949	11	3,374	17,875	18,434
Guaranteed yield	-62	-4,964	-6	-3,389	-14,902	-17,424
- of which transferred to premium fund	-1				-3	-3
Investment result	**30**	**-14**	**6**	**-15**	**2,973**	**1,010**
Risk premium	846				0	122
Risk addition [1]	-840				63	359
Net reinsurance etc. [1]	-22				-27	22
Risk result	**-16**	**-0**	**-0**		**36**	**503**
Administration premium [1]	86	253	3	398	1,466	1,422
Operating expenses	-98	-175		-135	-883	-963
Administration result	**-12**	**78**	**3**	**264**	**582**	**459**
Premium for guaranteed interest					209	247
Risk profit					33	35
Gross result for sector	**6**	**64**	**8**	**249**	**3,834**	**2,254**
To/from additional statutory reserve					-2,508	-823
Investment result to policyholders	-30				-430	-189
Risk result to policyholders					-109	-196
Profit for the year (to owner)	**-24**	**64**	**3**	**249**	**786**	**1,046**
To the risk equalisation fund			-0		**-32**	**232**

1) The items other insurance-related income (in note 18) and other insurance-related costs (in note 24) are allocated in accordance with their purpose.

GROUP PENSION PUBLIC SECTOR

NOK million	Defined benefit without investment choice	Storebrand Livsforsikring AS 2020	2019
Financial income [1]	143	143	101
Guaranteed yield	-62	-62	-66
Investment result	81	81	35
Risk premium	-7	-7	-9
Risk addition [1]	15	15	9
Net reinsurance etc. [1]			
Risk result	**9**	**9**	**0**
Administration premium [1]	19	19	31
Operating expenses	-49	-49	-36
Administration result	**-30**	**-30**	**-5**
Premium for guaranteed interest	13	13	18
Risk profit	4	4	6
Gross result for sector	**76**	**76**	**54**
To/from additional statutory reserve	-3	-3	-26
Investment result to policyholders	-78	-78	-9
Risk result to policyholders	-4	-4	-0
Profit for the year (to owner)	**-9**	**-9**	**18**
To the risk equalisation fund	**4**	**4**	**0**

1) The items other insurance-related income (in note 18) and other insurance-related costs (in note 24) are allocated in accordance with their purpose.

Note 14 Sales of insurance (new business)

NOK million	Group pension private sector	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring AS
2020	**305**	**11**	**858**	**125**	**18**	**1,316**
2019	130	3	602	121	8	865

Sales consist of new and additional sales, with deductions for policies where the first premium has not been paid.
Premium reserves transferred to the company (note 15) are not included in these figures.

Note 15 Transfers of insurance reserves

Storebrand Livsforsikring AS

NOK million	Group pension private sector	Group pension public sector	Endowment insurance	Annuity/ pension insurance	2020	2019
Funds received						
Premium reserve	5,419	334	24	274	6,051	3,138
Additional statutory reserves	-2	28			27	-11
Transfers of premium reserve etc.	**5,417**	**363**	**24**	**274**	**6,078**	**3,127**
Premium funds						
Number of policies/customers	8,543		95	396	9,034	9,972
Funds transferred out						
Premium reserve	-4,939		-27	-33	-4,998	-4,488
Additional statutory reserves	-7				-8	-10
Value adjustment fund	-15				-15	-8
Transfers of premium reserve etc.	**-4,961**		**-27**	**-33**	**-5,021**	**-4,506**
Premium funds	-54				-54	-70
Number of policies/customers	12,709		171	745	13,625	11,400

Note 16 Net financial income

NOK million	Storebrand Livsforsikring group 2020	Storebrand Livsforsikring group 2019	Storebrand Livsforsikring AS 2020	Storebrand Livsforsikring AS 2019
Interest lending	602	657	577	646
Interest bank	12	35	10	27
Interest bonds and other fixed-income securities at fair value	2,670	2,266	1,574	1,360
Interest bonds amortised cost	3,934	4,097	3,934	4,097
Interest derivatives	1,032	900	410	196
Interest income other	-569	-692	-334	-504
Equity dividends	682	1,355	553	80
Total interest income and equity dividends etc. financial assets	**8,365**	**8,618**	**6,726**	**5,901**
Revaluation of real estate	494	713		
Revaluation of equities	7,826	32,129	3,058	8,562
Revaluation bonds and other fixed-income securities	1,225	2,192	1,040	1,816
Revaluation derivatives	3,915		2,831	-44
Revaluation loans	-5	3	-5	3
Total revaluation on investments	**13,455**	**35,037**	**6,925**	**10,337**
Profit on equities	5,857	3,090	5,220	2,434
Profit on bonds and other fixed-income securities at fair value	97	-197	247	44
Profits on derivatives	-1,325	-3,819	-2,964	-5,591
Profit on bonds at amortised cost	450	-1	450	-1
Profit on other investments	334	-103	332	-103
Currency gains, equities	247	763	634	-151
Currency gains, bonds and other fixed-income securities	-21	329	485	161
Currency gains, derivatives	1,782	4,329	1,438	4,606
Currency gains, bonds at amortised cost	208	41	208	41
Currency gains, other	13	-172	109	-186
Total gains and losses on financial assets	**7,642**	**4,260**	**6,159**	**1,254**
Interest costs subordinated loans	-356	-364	-356	-364
Total interest costs	**-356**	**-364**	**-356**	**-364**

Note 17 Net income from real estate

NOK million	Storebrand Livsforsikring group 2020	Storebrand Livsforsikring group 2019
Rent income from real estate [1]	1,648	1,552
Operating costs (including maintenance and repairs) relating to real estate that have provided rent income during the period [2]	-393	-346
Result minority defined as liabilities	-68	-55
Net operating income real estate	**1,187**	**1,151**
Change in fair value real estate	494	713
Total income real estate	**1,680**	**1,864**
1) Of which real estate for own use	97	82
2) Of which real estate for own use	-42	-29

Note 18 Other insurance related income

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
NOK million	2020	2019	2020	2019
Interest income insurance	3	1	3	1
Management fee	127	114		
Other insurance relates fees	79	89	79	89
Pooling		22		22
Return commissions	1,210	1,117	733	712
Other income	6	2		
Total other insurance related income	**1,426**	**1,344**	**815**	**824**

Note 19 Other income

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
NOK million	2020	2019	2020	2019
Interest income on management bank deposits	2	13	2	12
Revenue from companies other than insurance	153	117		
Kickback paid-up policies		9		9
Amortisation of brand	17			
Other income	26	34	2	1
Total other income	**198**	**173**	**4**	**22**

Note 20 Sales cost

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
NOK million	2020	2019	2020	2019
Salaries and personnel costs own sales resources	-257	-268	-161	-163
Other sales costs own resources	-258	-295	-32	-88
Commissions to external distributors	-267	-226	-22	-19
Total sales costs	**-782**	**-788**	**-216**	**-269**
Change in deferred acquisition costs	68	51		

Note 21 Pension costs and pension liabilities

STOREBRAND LIVSFORSIKRING GROUP

Storebrand Group has country-specific pension schemes.
Storebrand's employees in Norway have a defined-contribution pension scheme. In a defined-contribution scheme, the company allocates an agreed contribution to a pension account. The future pension depends upon the amount of the contributions and the return on the pension account. When the contributions have been paid, the company has no further payment obligations relating to the defined-contribution pension and the payment to the pension account is charged as an expense on an ongoing basis. For regulatory reasons, there can be no savings in the defined-contribution pension for salaries that exceed 12G (G = National Insurance Scheme basic amount). Storebrand has pension savings in the savings product Extra Pension for employees with salaries exceeding 12G.

The premiums and content of the defined-contribution pension scheme are as follows:
– Saving starts from the first krone of salary.
– Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" was NOK 101,351 at 31 December 2020)
– In addition, 13 per cent of salary between 7.1 and 12 G is saved.
– Savings rate for salary over 12 G is 20 per cent.

The Norwegian companies participate in the Joint Scheme for Collective Agreement Pensions (AFP). The private AFP scheme provides a lifelong supplement to an ordinary pension and is a multi-employer pension scheme, but there is no reliable information available for inclusion of this liability on the statement of financial position. The scheme is financed by means of an annual premium that is defined as a percentage of salaries from 1 G to 7.1 G, and the premium rate was 2.5 % in 2019. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing an AFP scheme pension or retiring at the age of 65 and receiving a direct pension from the company until they reach the age of 67. Employees can choose to receive benefits from the AFP scheme from the age of 62 and still continue to work.

Employees who were on sick leave and partiality disabled during the transition to the defined-contribution pension, remain in the defined-benefit pension scheme. There are also pension liabilities for the defined-benefit scheme related to direct pensions for certain former employees and former board members.

The pension plan for employees at SPP in Sweden follows the plan for bank employees in Sweden (BTP).

SPP has a defined-contribution occupational pension known as BTP1. All new employees were enrolled in this pension agreement from and including 1 January 2014. In BTP1, the employer pays a premium for pension savings that is calculated based on pensionable salary up to 30 times the "basic income amount" (inkomstbasbelopp). The insurance includes retirement pension with or without mortality inheritance, disability pension and children's pension. The premium is calculated independently of age and is calculated primarily based on the monthly salary. The premium is paid monthly in two parts, a fixed part that is 2.5 per cent of the pensionable salary up to and including 7.5 times the "basic income amount". The optional part of the premium is 2 per cent of salary up to and including 7.5 times the "basic income amount" and 30 per cent of salary between 7.5 and 30 times the "basic income amount".

The pension in the BTP2 agreement (defined-benefit occupational pension that is a closed scheme) amounts to 10 per cent of the annual salary up to 7.5 times the "basic income amount" (which was SEK 64,400 in 2019 and will be SEK 66.800 in 2020), 65 per cent of salary in the interval from 7.5 to 20, and 32.5 per cent in the interval from 20 to 30. No retirement pension is paid for the portion of salary in excess of 30 times the "basic income amount". Full pension entitlement is reached after 30 years of membership in the pension scheme. In addition to the defined-benefit part, the BTP plan has a smaller defined-contribution component. Here the employees can decide themselves how assets are to be invested (traditional insurance or unit-linked insurance). The defined-contribution part is 2 per cent of the annual salary.

The ordinary retirement age is 65 in accordance with the pension agreement between the Employer's Association of the Swedish Banking Institutions (BAO) and the trade unions that are part of BTP.

The retirement age for SPP's CEO is 65 years. The CEO is covered by BTP1. In addition, the CEO has a defined-contribution based additional pension with SPP. The premium for this insurance is 20 per cent of salary that exceeds 30 times the "basic income amount".

The pension for the employees at Euroben Life and Pension LTD is covered by a defined-contribution scheme.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK million	2020	2019
Present value of insured pension liabilities	1,204	1,024
Fair value of pension assets	-1,050	-951
Net pension liabilities/assets insured scheme	**154**	**72**
Present value of unsecured liabilities	26	28
Net pension liabilities recognised in statement of financial position	**180**	**100**

Includes employer contributions on net under-financed liabilities in the gross liabilities.

BOOKED IN STATEMENT OF FINANCIAL POSITION:

NOK million	2020	2019
Pension assets		
Pension liabilities	180	100

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK million	2020	2019
Net pension liabilities 01.01	1,051	1,017
Pensions earned in the period	14	12
Pension cost recognised in period	17	19
Estimate deviations	72	73
Gain/loss on insurance reductions		3
Pensions paid	-35	-32
Changes to pension scheme		-4
Pension liabilities additions/disposals and currency adjustments	110	-37
Payroll tax of employer contribution, assets		
Net pension liabilities 31.12	**1,230**	**1,051**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2020	2019
Pension assets at fair value 01.01	951	871
Expected return	15	17
Estimate deviation	-16	89
Gain/loss on insurance reductions		
Premiums paid	22	31
Pensions paid	-30	-21
Changes to pension scheme		-4
Pension liabilities additions/disposals and currency adjustments	107	-32
Payroll tax of employer contribution, assets		
Net pension assets 31.12	**1,050**	**951**

Expected premium payments (pension assets) in 2021	20
Expected premium payments (contributions) in 2021	129
Expected AFP early retirement scheme payments in 2021	10
Expected payments from operations (uninsured scheme) in 2021	33

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE/SPP COMPOSED AT 31.12:

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
	2020	2019	2020	2019
Real estate at fair value	15 %	13 %	12 %	12 %
Bonds at amortised cost	34 %	36 %		
Loans at amortised cost	20 %	13 %	18 %	14 %
Equities and units at fair value	12 %	15 %	13 %	11 %
Bonds at fair value	17 %	20 %	57 %	63 %
Other short-term financial assets	3 %	1 %		
Total	**100 %**	**100 %**	**100 %**	**100 %**
Realised return on assets	4.4 %	3.6 %	4.8 %	8.8 %

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring and SPP Pension & Försäkring AB.
Financial instruments are measured at three different levels. Allocation of the different classes of financial instruments at levels are shown in note 11.

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS

NOK million	2020	2019
Current service cost	14	12
Net interest cost/expected return	2	2
Changes to pension scheme		3
Total for defined benefit schemes	**16**	**18**
The period's payment to contribution scheme	149	115
The period's payment to contractual pension	12	12
Net pension cost recognised in profit and loss account in the period	**177**	**145**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2020	2019
Actuarial loss (gain) - change in discount rate	89	108
Actuarial loss (gain) - change in other financial assumptions	-12	-25
Actuarial loss (gain) - experience DBO	-2	-10
Loss (gain) - experience pension assets	12	-100
Investment management cost	1	11
Remeasurements loss (gain) in the period	**88**	**-15**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
	2020	2019	2020	2019
Discount rate	1.5 %	2.2 %	1.2 %	1.5 %
Expected earnings growth	1.75 %	2.00 %	3.5 %	3.5 %
Expected annual increase in social security pensions	1.75 %	2.00 %		
Expected annual increase in pensions payment			2.0 %	2.0 %
Disability table	KU	KU		
Mortality table	K2013BE	K2013BE	DUS14	DUS14

FINANCIAL ASSUMPTIONS:

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are subject to a particularly high degree of uncertainty. In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

ACTUARIAL ASSUMPTIONS:

In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. With effect from 2014 a new mortality basis, K2013, has been introduced for group pension insurance in life insurance companies and pension funds. Storebrand has used the mortality table K2013BE (best estimate) in the actuarial calculations at 31 December 2020.

The actuarial assumptions in Sweden follow the industry's mutual mortality table DUS14 adjusted for corporate differences.
The average employee turnover rate is estimated to be 4 per cent p.a.

SENSITIVITY ANALYSIS PENSION CALCULATIONS

Storebrand's risk associated with the pension scheme relates to the changes in the financial and actuarial assumptions that must be used in the calculations and the actual return on the pension funds. The pension liabilities are particularly sensitive to changes in the discount rate. A reduction of the discount rate will in isolation entail an increase in pension liabilities.

For the Norwegian companies that have converted to defined contribution pensions as of 1 January 2015, the sensitivity has not been calculated, and the figures below illustrate the sensitivity for the Swedish companies.

The following estimates are based on facts and circumstances as of 31 December 2020, and calculated for each individual when all other assumptions remain constant.

SWEDEN	Discount rate		Expected earnings growth		Mortality - change in expected life expectancy	
	1.0 %	-1.0 %	1.0 %	-1.0 %	+1 year	-1 year
Percentage change in pension:						
Pension liabilities	-10 %	12 %	-2 %	-5 %	3 %	-3 %
The period's net pension costs	-12 %	14 %	6 %	-5 %	1 %	-1 %

STOREBRAND LIVSFORSIKRING AS

Storebrand Group has country-specific pension schemes.
Storebrand's employees in Norway have a defined-contribution pension scheme. In a defined-contribution scheme, the company allocates an agreed contribution to a pension account. The future pension depends upon the amount of the contributions and the return on the pension account. When the contributions have been paid, the company has no further payment obligations relating to the defined-contribution pension and the payment to the pension account is charged as an expense on an ongoing basis. For regulatory reasons, there can be no savings in the defined-contribution pension for salaries that exceed 12G (G = National Insurance Scheme basic amount). Storebrand has pension savings in the savings product Extra Pension for employees with salaries exceeding 12G.

The premiums and content of the defined-contribution pension scheme are as follows:
– Saving starts from the first krone of salary.
– Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" was NOK 101,351 at 31 December 2020)
– In addition, 13 per cent of salary between 7.1 and 12 G is saved.
– Savings rate for salary over 12 G is 20 per cent.

The Norwegian companies participate in the Joint Scheme for Collective Agreement Pensions (AFP). The private AFP scheme provides a lifelong supplement to an ordinary pension and is a multi-employer pension scheme, but there is no reliable information available for inclusion of this liability on the statement of financial position. The scheme is financed by means of an annual premium that is defined as a percentage of salaries from 1 G to 7.1 G, and the premium rate was 2.5 % in 2019. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing an AFP scheme pension or retiring at the age of 65 and receiving a direct pension from the company until they reach the age of 67. Employees can choose to receive benefits from the AFP scheme from the age of 62 and still continue to work.

Employees who were on sick leave and partiality disabled during the transition to the defined-contribution pension, remain in the defined-benefit pension scheme. There are also pension liabilities for the defined-benefit scheme related to direct pensions for certain former employees and former board members.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK million	2020	2019
Present value of insured pension liabilities	16	16
Fair value of pension assets	-33	-35
Net pension liabilities/assets insured scheme	**-18**	**-19**
Present value of unsecured liabilities	25	26
Net pension liabilities recognised in statement of financial position	**7**	**7**

Includes employer contributions on net under-financed liabilities in the gross liabilities

BOOKED IN STATEMENT OF FINANCIAL POSITION

NOK Million	2020	2019
Pension assets	18	19
Pension liabilities	25	26

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK million	2020	2019
Net pension liabilities 01.01	42	56
Pensions earned in the period		
Pension cost recognised in period	1	1
Estimate deviations	1	-7
Gain/loss on insurance reductions		
Pensions paid	-3	-9
Net pension liabilities 31.12	**41**	**42**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2020	2019
Pension assets at fair value 01.01	35	45
Expected return	1	1
Estimate deviation	-2	-11
Net pension assets 31.12	**33**	**35**

Expected premium payments (pension assets) in 2021	
Expected premium payments (contributions) in 2021	68
Expected AFP early retirement scheme payments in 2021	9
Expected payments from operations (uninsured scheme) in 2021	4

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE COMPOSED AT 31.12:

	Storebrand Livsforsikring AS	
	2020	2019
Real estate at fair value	15 %	13 %
Bonds at amortised cost	34 %	36 %
Loans at amortised cost	20 %	13 %
Equities and units at fair value	12 %	15 %
Bonds at fair value	17 %	20 %
Other short-term financial assets	3 %	1 %
Total	**100 %**	**100 %**
Realised return on assets	4.4 %	3.6 %

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring.

Financial instruments are measured at three different levels. Allocation of the different classes of financial instruments at levels are shown in note 11.

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS

NOK million	2020	2019
Current service cost		
Net interest cost/expected return		
Total for defined benefit schemes	**0**	**0**
The period's payment to contribution scheme	79	75
The period's payment to contractual pension	11	10
Net pension cost recognised in profit and loss account in the period	**91**	**86**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2020	2019
Actuarial loss (gain) - change in discount rate	3	3
Actuarial loss (gain) - experience DBO	-2	-10
Investment management cost	2	11
Remeasurements loss (gain) in the period	**3**	**4**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

	2020	2019
Discount rate	1.5 %	2.2 %
Expected earnings growth	1.75 %	2.00 %
Expected annual increase in social security pensions	1.75 %	2.00 %
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

FINANCIAL ASSUMPTIONS:
The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are subject to a particularly high degree of uncertainty. In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

ACTUARIAL ASSUMPTIONS:
In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. With effect from 2014 a new mortality basis, K2013, has been introduced for group pension insurance in life insurance companies and pension funds. Storebrand has used the mortality table K2013BE (best estimate) in the actuarial calculations at 31 December 2020.

SENSITIVITY PENSION CALCULATIONS:
Storebrand's risk associated with the pension scheme relates to the changes in the financial and actuarial assumptions that must be used in the calculations and the actual return on the pension funds. The pension liabilities are particularly sensitive to changes in the discount rate. A reduction of the discount rate will in isolation entail an increase in pension liabilities.

For the Norwegian companies that have converted to defined contribution pensions as of 1 January 2015, the sensitivity has not been calculated.

Note 22 Remuneration of senior employees and elected officers of company

Geir Holmgren is CEO of Storebrand Livsforsikring AS. He has a guaranteed salary for 12 months after the ordinary period of notice. All work-related income including consulting assignments will be deducted.

The company has no obligations towards the Chairman of the Board in the event of resignation or change of succession. The company pays management liability insurance for its board members.

Storebrand has set up a bonus scheme for employees. The bonus scheme is linked to the company's value creation as well as individual performances.

NOK thousand	Ordinary salary [1]	Other benefits [2]	Total remuneration for the year	Pension accrued for the year	Post termination salary (months)	Loan [3]	No. of shares owned [4]
Geir Holmgren	4,835	225	5,060	933	12	6,531	85,072
Lars Aa. Løddesøl	5,690	225	5,914	1,107	18	10,800	120,564
Heidi Skaaret	4,865	188	5,054	934	12	3,135	94,788
Karin Greve-Isdahl	2,955	64	3,019	544	12	18,598	20,962
Trygve Håkedal	3,255	65	3,321	604	12	8,282	16,135
Tove Selnes	2,945	183	3,128	538	12	7,435	21,955
Terje Løken	3,255	159	3,414	604	12	6,981	16,502
Staffan Hansèn	6,346	23	6,369	1,654	12		83,561
Jan Erik Saugestad	6,293	158	6,450	1,227	12	1,200	100,554
Total 2020	**40,439**	**1,289**	**41,728**	**8,147**		**62,962**	**560,093**
Total 2019	42,721	1,449	44,170	7,827		80,889	447,469

1) A proportion of the executive management's fixed salary will be linked to the purchase of physical STB shares with a lock-in period of three years. The purchase of shares will take place once a year.
2) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.
3) Employees can borrow up to NOK 7.0 million at a subsidised interest rate, currently 1,19 per cent p.a.. Excess loan amounts will be subject to market terms.
4) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

NOK thousand	Remuneration	No. of shares owned [1]	Loan [2]
On the board			
Odd Arild Grefstad		194,520	6,166
Jan Otto Risebrobakken		8,442	5,332
Hans Henrik Klouman	229		
Vibeke Hammer Madsen	229		
Martin Skancke	889	27,500	
Kari Birkeland	62	3,000	2,946
Jørn Hilstad	157	1,440	4,340
Hanne Seim Grave	95		2,034
Total 2020	**1,662**	**234,902**	**20,818**
Total 2019	983	196,400	25,742

1) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.
2) Employees can borrow up to NOK 7.0 million at a subsidised interest rate, currently 1,19 per cent p.a.. Excess loan amounts will be subject to market terms.

Loans to Group employees totalled NOK 591 million.

Note 23 Remuneration paid to auditors

The Storebrand Group has PwC as external auditor.

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
NOK million	2020	2019	2020	2019
Statutory audit	-6.2	-5.7	-1.5	-1.8
Other reporting duties	-0.3	-0.4		-0.3
Tax advice				
Other non-audit services	-0.2	-0.2	-0.2	-0.1
Total remuneration to auditors	**-6.6**	**-6.3**	**-1.7**	**-2.2**

The amounts are excluding VAT.

Note 24 Other insurance related expenses

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
NOK million	2020	2019	2020	2019
Pooling	-69	-14	-44	
Interest cost for insurance	-75	-101	-75	-101
Discount management fee	-51		-51	
Yield tax	-4	-3	-1	
Losses on policyholders	-81	-267	-80	-267
Other expenses	2	-2	4	
Total other insurance related expenses	**-279**	**-388**	**-247**	**-368**

Note 25 Other costs

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
NOK million	2020	2019	2020	2019
Borrowing costs	-356	-345	-356	-345
Amortisation of intangible assets	-372	-341	-28	-28
Other costs	-52	-32	-8	-16
Operational costs - non insurance	-95	-113		
Total other costs	**-875**	**-831**	**-392**	**-390**

Note 26 Tax

NOK million	Storebrand Livsforsikring group 2020	2019	Storebrand Livsforsikring AS 2020	2019
Tax payable	-32			
Change deferred tax	376	-333	369	-322
Total tax charge	**344**	**-333**	**369**	**-322**

RECONCILIATION OF EXPECTED AND ACTUAL TAX EXPENSES

NOK million	Storebrand Livsforsikring group 2020	2019	Storebrand Livsforsikring AS 2020	2019
Pre-tax profit	1,336	1,855	1,390	2,168
Expected income tax at nominal rate	-334	-464	-347	-542
Tax effect of				
realised/unrealised shares	227	-70	124	-70
share dividends received		17	244	195
associated companies	-4	-3		
permanent differences	-12	77		
deferred tax on the increase in value of real estate for customer assets [1]	-566	-451		
deferred tax on the increase in value of real estate for customer assets covered by customer returns [1]	566	451		
Changes from previous years [3]	467	111	349	95
Total tax charge	**344**	**-333**	**369**	**-322**
Effective tax rate 2)	-26 %	18 %	18 %	18 %

3) Based on new information and an interpretation of transitional rules from 2018, taxable accounting income of NOK 356 million was recognised for 2020.

TAX EXPENSES ON OTHER COMPREHENSIVE INCOME ELEMENTS

NOK million	2020	2019	2020	2019
Tax on other comprehensive income elements not to be reclassified to profit/loss	10	9	8	10
Total tax expenses on other comprehensive income elements	**10**	**9**	**8**	**10**

CALCULATION OF DEFERRED TAX ASSETS AND DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
NOK million	2020	2019	2020	2019
Tax-increasing temporary differences				
Securities	158	260	158	260
Real estate [1)]	2,696	2,126		
Fixed assets	24	8	17	
Gain-/loss account	19	24	19	24
Other	443	469	117	134
Total tax-increasing temporary differences	**3,340**	**2,886**	**311**	**418**
Tax-reducing temporary differences				
Fixed assets		-3		
Accrued liabilities	-8	-12		
Accrued pension liabilities	-1	-2		
Gain-/loss account	-3	-4	-3	-3
Total tax-reducing temporary differences	**-12**	**-21**	**-3**	**-3**
Carry forward losses	-6,530	-6,685	-6,496	-5,774
Total tax loss and assets carried forward	**-6,530**	**-6,685**	**-6,496**	**-5,774**
Basis for net deferred tax and tax assets	**-3,202**	**-3,821**	**-6,187**	**-5,360**
Net deferred tax assets/liabilities in balance sheet 3)	**-1,077**	**-1,039**	**-1,547**	**-1,340**
Recognised in balance sheet				
Deferred tax assets	1,723	1,566	1,547	-1,340
Deferred tax liability	647	527	0	0

1) Provisions are made for deferred tax on the increase in value during the ownership of real estate in SPP Fastigheter AB in accordance with IAS 12 and guiding principles for consolidation. The real estate investments are made on behalf of the customer assets. Each real estate is owned by a separate investment company, and a sale of real estate itself would entail a tax expense that will reduce the return on the customer assets and will not affect the income tax for SPP / Storebrand. The deferred tax is in the consolidated financial reporting recognised as a claim on the customer funds and will not affect the income tax expense for SPP / Storebrand. Deferred tax relating to real estate investments in the customer assets is not netted against other temporary differences in the balance sheet.

2) The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway. The income tax expense is also influenced by tax effects relating to previous years. The tax rate for companies in Norway is 22 per cent. For companies subject to financial tax is the tax rate 25 per cent. The Storebrand Group includes companies that are both subject to and not subject to the financial tax. Therefore, when capitalising deferred tax/deferred tax assets in the consolidated financial statements, the company tax rate that applies for the individual companies is used (22 or 25 per cent). The tax rate for companies in Sweden is 21.4 per cent.

3) The tax rules for the insurance industry have undergone changes in recent years. In some cases, Storebrand and the Norwegian Tax Administration have had different interpretations of the tax rules and associated transitional rules. As a result of this, uncertain tax positions arise in connection with the recognised tax expenses. Whether or not the uncertain tax positions have to be recognised in the financial statements is assessed in accordance with IAS 12 and IFRIC 23. Uncertain tax positions will only be recognised in the financial statements if the company considers it to be preponderance that the Norwegian Tax Administration's interpretation will be accepted in a court of law. Significant uncertain tax positions are described below.

A. In 2015, Storebrand Livsforsikring AS discontinued the Norwegian subsidiary, Storebrand Eiendom Holding AS, with a tax loss of approximately NOK 6.5 billion and a corresponding increase in the tax loss carryforward. In January 2018, Storebrand Livsforsikring AS received notice of an adjustment to the tax returns for 2015 which claimed that the calculated loss was excessive but provided no further quantification. Storebrand Livsforsikring AS disagrees with the arguments that were put forward and submitted its response to the Norwegian Tax Administration on 2 March 2018. The notice was unclear, but based on the notice, a provision was made in the 2017 annual financial statements for an uncertain tax position of approximately NOK 1.6 billion related to the former booked tax loss (appears as a reduction in the loss carryforward and, in isolation, gave an associated increased tax expense for 2017 of approximately NOK 0.4 billion). In May 2019, Storebrand Livsforsikring AS received a draft decision from the Norwegian Tax Administration claiming changes in the tax return from 2015. Storebrand disagrees with the notice from the Norwegian Tax Administration and submitted its response in October 2019. The company considers it to be preponderance that Storebrand's understanding of the tax legislation will be accepted by a court of law and thus, no uncertain tax position has been recognised in the financial statements based on the recieved draft decision. If the Norwegian Tax Administration's position is accepted, Storebrand estimates that a tax expense for the company of approximately NOK 1.2 billion will arise. There will also be negative effects for returns on customer assets after tax. The effects are based on best estimates and following a review with external expertise.

B. New tax rules for life insurance and pension companies were introduced for the 2018 financial year. These rules contained transitional rules for how the companies should revalue/write-down the tax values as at 31 December 2018. In December 2018, the Norwegian Directorate of Taxes published an interpretive statement that Storebrand does not consider to be in accordance with the wording of the relevant act. When presenting the national budget for 2020 in October 2019, the Ministry of Finance proposed a clarification of the wording of the transitional rules in line with the interpretive statement from the Norwegian Directorate of Taxes. The clarification was approved by the Norwegian Parliament in December 2019. Storebrand considers there to be uncertainty regarding the value such subsequent work on a legal rule has as a source of law, and which in this instance only applies for a previous financial year. In the tax return for 2018, Storebrand Livsforsikring AS applied the wording in the original transitional rule, but in October 2019 received a notice of adjustment of tax assessment in line with the interpretive statement from the Norwegian Directorate of Taxes and the clarification from the Ministry of Finance. Storebrand Livsforsikring AS disagrees with the Norwegian Tax Administration's interpretation but considers it uncertain as to whether the company's interpretation will be accepted if the case is decided by a court of law. The uncertain tax position has therefore been recognised in the financial statements. Based on our revised best estimate, the difference between Storebrand's interpretation and the Norwegian Tax Administration's interpretation is approximately NOK 6.4 billion in an uncertain tax position. If Storebrand's interpretation is accepted, a deferred tax expense of approximately NOK 1.6 billion will be derecognised from the financial statements.

C. The outcome of the interpretation of tax rules for group contributions referred to above under (A) will have an impact when calculating the effect from the transitional rules for the new tax rules referred to under point (B). An equivalent interpretation to that described under (A) has been used as a basis in the financial statements when calculating tax input values on property shares owned by customer assets for 2016 and 2017. There is thus an uncertain tax position relating to the effect from the transitional rules described in (B). This effect will depend on the interpretation and outcome of (A). If Storebrand's position is accepted under (A), Storebrand will recognise a tax income of approximately NOK 0.8 billion. If the Norwegian Tax Administration prevails with its argument under point (A), Storebrand will recognise a tax expense of approximately NOK 0.6 billion.

The timeline for the continued process with the Norwegian Tax Administration is unclear, but if necessary, Storebrand will seek clarification from the court of law for the aforementioned uncertain tax positions.

Note 27 Intangible assets and excess value on purchased insurance contracts

STOREBRAND LIVSFORSIKRING GROUP

	Intangible assets					
NOK million	IT- systems	Value of business in force	Other intangible assets	Goodwill	2020	2019
Acquisition cost 01.01	654	9,574	634	750	11,612	11,957
Additions in the period:	236				236	119
Developed in-house	45				45	57
Purchased separately	191				191	62
Disposals in the period						-26
Currency differences	25	1,028	70	81	1,204	-438
Acquisition cost 31.12	**914**	**10,602**	**705**	**831**	**13,052**	**11,612**
Accumulated depreciation & write-downs 01.01	-327	-6,827	-634		-7,789	-7,720
Write-downs in the period						
Amortisation in the period	-37	-372			-409	-379
Disposals in the period						26
Translation differences from converting foreign units	-2	-756	-70		-828	284
Accumulated depreciation & write-downs 31.12	**-367**	**-7,954**	**-705**		**-9,026**	**-7,789**
Book value 31.12	**548**	**2,648**		**831**	**4,026**	**3,824**

SPECIFICATION OF INTANGIBLE ASSETS

NOK million	Useful economic life	Depreciation rate	Depreciation method	Book value 2020
Value of business in force Silver acquisition	10 years	10 %	Straight line	197
IT systems	5 years/10 years	20%/10%	Straight line	548
Value of business inforce SPP	20 years	5 %	Straight line	2,451
Other intangible assets (customer lists and brand name etc.)	5 years	20 %	Straight line	

GOODWILL DISTRIBUTED BY BUSINESS ACQUISITION

NOK million	Acquisition cost 01.01	Book value 01.01	Additions/ disposals	Translation differences	Book value 31.12
Goodwill on acquisitions of SPP	750	750		81	831
Total	**750**	**750**		**81**	**831**

Goodwill is not amortised but tested annually for impairment.

STOREBRAND LIVSFORSIKRING AS

NOK million	IT-systems	Value of business in force	2020	2019
Acquisition cost 01.01	410	281	691	660
Additions in the period:	134		135	57
Developed in-house	45		45	57
Purchased separately	90		90	
Disposals in the period				-26
Acquisition cost 31.12	**544**	**281**	**825**	**691**
Accumulated depreciation & write-downs 01.01	-297	-56	-353	-322
Write-downs in the period				
Amortisation in the period	-25	-28	-53	-57
Disposals in the period				26
Accumulated depreciation & write-downs 31.12	**-322**	**-84**	**-406**	**-353**
Book value 31.12.	**222**	**197**	**419**	**338**

NOK million	Useful economic life	Depreciation rate	Depreciation method	Book value 2020
IT systems	5 years	20 %	Straight line	222
Value of business in force Silver acquisition	10 years	10 %	Straight line	197

INTANGIBLE ASSETS LINKED TO THE ACQUISITION OF SPP

In 2007, Storebrand Livsforsikring AS acquired SPP Pension & Försäkring AB and its subsidiaries (SPP). The majority of the intangible assets linked to the acquisition of SPP include the value of business in force (VIF), for which liability adequacy tests are conducted in accordance with the requirements in IFRS 4. To determine whether goodwill and other intangible assets linked to SPP have declined in value, an estimate is made of the recoverable amount by calculating the entity specific value of the business. SPP is considered to be a separate cash flow generating unit.

In calculating the entity specific value, the management have made use of budgets and forecasts approved by the Board of Directors for the next three years (2021-2023). The management has made assessments for the period from 2023 to 2029, and the annual growth rate for the elements in the income statement have been estimated. When calculating the terminal value, a growth rate equivalent to Sverige's Riksbank's inflation target of 2.0 per cent is used. The primary drivers of improved long-term results will be the return on total assets, underlying inflation and salary increase in the market (which drives premium growth). The entity specific value is calculated using discount rate after tax of 5.2 per cent. The discount rate is calculated as the risk-free interest rate included a premium that reflects the risk of the business.

Calculations related to the future are uncertain. The value will be impacted by various growth parameters, expected return and the required rate of return used as a basis, etc. The aim of the calculations is to achieve a satisfactory level of certainty that the recoverable amount, cf. IAS 36, is not lower than the value recognised in the accounts.

INTANGIBLE ASSETS LINKED TO THE ACQUISITION OF SILVER

Storebrand Livsforsikring AS acquired Silver Pensjonsforsikring AS (Silver) in 2018 and the company was merged with Storebrand Livsforsikring AS the same year. The intangible assets linked to the acquisition of Silver include the value of business in force (VIF), which is included in Storebrand Livsforsikring's liability adequacy test in accordance with the requirements in IFRS 4. To determine whether intangible assets linked to Silver have declined in value, an estimate is made of the recoverable amount for the contracts in the acquired business. The recoverable amount is determined by calculating the entity specific value of the business. Silver has been integrated into Storebrand Livsforsikring's business and is predominantly part of the savings segment. The assessment of the intangible assets is done by estimating the value of the contracts that were purchased, despite these not being a separate cash-generating unit. The assets under management and income margins are forecasted based on observable developments since the acquisition and expected natural negative growth in the portfolio.

There is uncertainty related to the assumptions that have been made in the valuation. The value will be influenced by the assumptions regarding expected returns in the financial markets, costs, transfers, income development and the discount rate. The aim of the estimation is to achieve a satisfactory level of certainty that the entity specific value, cf. IAS 36, is not lower than the value recognised in the accounts. Simulation with reasonable and also conservative assumptions indicate a value of the investment that justifies book value.

Note 28 Classification of financial assets and liabilities

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Loans and receivables	Investments, held to maturity	Fair value, held for trading	Fair value, FVO	Liabilities at amortised cost	Total
Financial assets						
Bank deposits	12,508					12,508
Shares and units				230,548		230,548
Bonds and other fixed-income securities	100,207	13,026		165,513		278,746
Loans to customers	23,771			7,665		31,435
Accounts receivable and other short-term receivables	6,200					6,200
Derivatives			9,903			9,903
Total financial assets 2020	**142,686**	**13,026**	**9,903**	**403,726**		**569,341**
Total financial assets 2019	**134,882**	**13,377**	**5,253**	**348,822**		**502,334**
Financial liabilities						
Subordinated loan capital					8,834	8,834
Derivatives			886			886
Other current liabilities					15,556	15,556
Total financial liabilities 2020	**0**		**886**		**24,390**	**25,277**
Total financial liabilities 2019	**0**		**932**		**14,465**	**15,397**

STOREBRAND LIVSFORSIKRING AS

NOK million	Loans and receivables	Investments, held to maturity	Fair value, held for trading	Fair value, FVO	Liabilities at amortised cost	Total
Financial assets						
Bank deposits	8,153					8,153
Shares and units				98,219		98,219
Bonds and other fixed-income securities	100,207	13,026		80,122		193,355
Loans to customers	23,769					23,769
Accounts receivable and other short-term receivables	2,512					2,512
Derivatives			7,615			7,615
Total financial assets 2020	**134,641**	**13,026**	**7,615**	**178,342**		**333,624**
Total financial assets 2019	**128,950**	**13,377**	**3,211**	**133,860**		**279,398**
Financial liabilities						
Subordinated loan capital					8,834	8,834
Derivatives			401			401
Other current liabilities					10,413	10,413
Total financial liabilities 2020			**401**		**19,248**	**19,649**
Total financial liabilities 2019			**421**		**13,419**	**13,840**

Note 29 Real estate

TYPE OF REAL ESTATE

			2020		
NOK million	2020	2019	Required rate of return % [1]	Average duration of lease (years) [3]	Square meter
Office buildings (including parking and storage):					
Oslo-Vika/Filipstad Brygge	8,435	7,682	3,50 - 4,00	5.9	94,332
Rest of Greater Oslo	4,811	4,360	4,00 - 5,35	3.9	85,225
Office buildings in Sweden	790	719	0.0	4.0	16,987
Shopping centres (including parking and storage)					
Rest of Norway	5,497	5,955	5,00 - 7,66	4.4	165,809
Trading Sweden [2]	2,693	2,137	5.6	4.0	103.210
Car parks					
Multi-storey car parks in Oslo	858	898	4.2	2.0	27,393
Other real estate:					
Cultural/conference centres in Sweden	270	239	6.5	11.0	19,293
Housing Sweden [2]	2,589	2,143	3.8	0.0	69,448
Hotel Sweden [2]	2,692	2,563	4.2	12.0	35,872
Service real estate Sweden [2]	2,750	2,016	4.6	10.0	73,591
Development project Norway	683	653	4.8	4.6	38,820
Conferance center Norway	50	49		0.0	0
Total investment properties	**32,117**	**29,415**			**729,980**
Real estate for own use	1,609	1,375	3.7	4.0	
Total real estate	**33,726**	**30,790**			**729,980**

1) The real estate are valued on the basis of the following effective required rate of return (including 2.0 per cent inflation):

2) All of the properties in Sweden are appraised externally. This appraisal is based on the required rates of return in the market (including 2 per cent inflation).

3) The average duration of the leases has been calculated proportionately based on the value of the individual properties.

As of 31.12.20, Storebrand Livsforsikring had NOK 6 166 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26 AS. The investments are classified as "Investment in Associated Companies/joint-controlled companies" in the Consolidated Financial Statements. Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26 invests exclusively in real estate at fair value.

VACANCY

Norway

At the end of 2020, a total of 7.4 per cent (6.3 per cent) of the floor space in the lettable properties was vacant.
The vacancy related to areas with ongoing development projects is 78.6 percent (57.2 percent)
At the end of 2020, a total of 13.8 per cent (12.1 per cent) of the floor space in the investment properties was vacant.

Sweden

At the end of 2020, a total of 0.4 per cent of the floor space in the investment properties was vacant.

TRANSACTIONS:

Purchases: Further SEK 684 millions in property acquisitions in SPP have been agreed on in 4 quarter 2020 in addition to the figures that has been finalised and included in the financial statements as of 31 December 2020.

Sale: No further property sales has been agreed on in addition to the figures that has been finalised and included in the financial statements as of 31 December 2020.

REAL ESTATE FOR OWN USE

NOK million	2020	2019
Book value 01.01	1,375	1,420
Additions	8	6
Revaluation booked in balance sheet	72	-34
Depreciation	-14	-13
Write-ups due to write-downs in the period	13	11
Currency differences from converting foreign units	108	-55
Other change	48	40
Book value 31.12	**1,609**	**1,375**
Acquisition cost opening balance	551	545
Acquisition cost closing balance	559	551
Accumulated depreciation and write-downs opening balance	-677	-664
Accumulated depreciation and write-downs closing balance	-692	-677
Allocation by company and customers:		
Properties for own use - company		
Properties for own use - customers	1,609	1,375
Total	**1,609**	**1,375**

Depreciation method:	Straight line
Depreciation plan and financial lifetime real estate Norway:	50 year
Depreciation plan and financial lifetime real estate Sweden:	100 year

Note 30 Investments in subsidiaries, associated and joint-controlled companies

SPECIFICATION OF SUBSIDIARIES WITH SUBSTANTIAL MINORITY (100% FIGURES)

	2020		2019	
NOK million	BenCo 1)	Værdals-bruket	BenCo	Værdalsbruket
Assets		277	10,712	248
Liabilities		2	10,200	2
Equity - majority		206	512	168
Equity - minority		69	51	62
Ownership interest - minority		25	10	25
Voting rights as a percentage of the total number of shares		25	10	25
Income		31	882	29
Result after tax		29	32	16
Total comprehensive income		29	32	16
Dividend paid to minority				

1) Benco is no longer a significant minority as Storebrand Livsforsikring AS during 2020 has aquired the rest of the shares from minority owners.

OWNERSHIP INTERESTS IN ASSOCIATED AND JOINT-CONTROLLED COMPANIES STOREBRAND LIVSFORSIKRING GROUP

NOK million	Business location	Ownership interest	Result	Book value 31.12
Norsk Pensjon AS	Oslo	25 %		
Inntre Holding AS	Steinkjer	34 %	18	127
Storebrand Eiendomsfond Norge KS	Oslo	26.2 %	236	3,694
Ruseløkkveien 26 AS [1)]	Oslo	50.0 %	333	2,472
Försäkringsgirot AB	Stockholm	25.0 %	1	5
Visit Karlstad	Karlstad	16 %		0
Associated and joint-controlled companies Storebrand Livsforsikring group			**587**	**6,299**

1) Joint-controlled company

OWNERSHIP INTERESTS IN SUBSIDIARIES, ASSOCIATED AND JOINT-CONTROLLED COMPANIES STOREBRAND LIVSFORSIKRING AS

NOK million			Book value 31.12		
Company	Interest in %	Voting interest in %		2019	Result 2020
Storebrand Pensjonstjenester AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	18	18	
AS Værdalsbruket, 7660 Vuku	74.9	74.9	54	54	
Storebrand Holding AB, Stockholm	100.0	100.0	13,034	12,166	1,091
Storebrand Finansiell Rådgivning AS, Professor Kohts vei 9, 1327 Lysaker [1)]				97	-25
Storebrand Eiendom Trygg AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	14,148	13,933	832
Storebrand Eiendom Vekst AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	5,580	5,317	383
Storebrand Eiendom Utvikling AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	796	814	-30
Storebrand Eiendomsfond Invest AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	3,694	2,426	236
Benco Insurance Holding BV, Nederland	90.0	90.0	110	478	-42
Euroben Life & Pension, Irland					92
Storebrand Infrastructure Holding S.a.r.l, Luxembourg	100.0	100.0	71		-1
Storebrand Globale Aksjer AS, Professor Koths vei 9, 1327 Lysaker [2)]	100.0	100.0		9,413	-1
Storebrand Global ESG AS, Professor Koths vei 9, 1327 Lysaker [2)]	100.0	100.0		15,218	
Subsidiaries			**37,506**	**59,934**	**2,536**
Norsk Pensjon AS, Hansteensgate 2, 0253 Oslo	25.0	25.0	1	1	
Pensjonskontoregisteret AS, Oslo	27.2	27.2	1		
Ruseløkkveien 26, Oslo	50.0	50.0	2,472	1,619	333
Associated and joint-controlled companies			**2,474**	**1,620**	**333**
Total investment in subsidiaries, associated and joint-controlled companies			**39,980**	**61,553**	**2,869**

All transactions with assosiated companies are on market terms.

1) Storebrand Finansielle Rådgivning is sold during 2020 to Storebrand Bank ASA.

2) Storebrand Globale Aksjer og Storebrand Global ESG was merged with Storebrand Livsforsikring AS during the year

Note 31 Bonds at amortised cost

LENDING AND RECEIVABLES

	2020		2019	
NOK million	Book value	Fair value	Book value	Fair value
Government bonds	24,564	27,327	25,613	27,327
Corporate bonds	66,944	71,750	69,772	71,750
Structured notes	8,699	1,510	1,525	1,510
Total bonds at amortised cost	**100,207**	**100,588**	**96,909**	**100,588**
Modified duration		6.6		6.1
Average effective yield	1.6 %	1.7 %	2.5 %	2.6 %

BONDS HELD TO MATURITY

	2020		2019	
NOK million	Book value	Fair value	Book value	Fair value
Corporate bonds	13,026	14,244	13,377	14,433
Total bonds at amortised cost	**13,026**	**14,244**	**13,377**	**14,433**
Modified duration		3.1		3.8
Average effective yield	1.0 %	1.1 %	2.1 %	2.3 %

A yield is calculated for each bond, based on both the paper's book value and the observed market price (fair value). For fixed income securities with no observed market prices the effective interest rate is calculated on the basis of the fixed interest rate period and classification of the individual security with respect to liquidity and credit risk. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

Note 32 - Equities and units

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
Equities in Norwegian companies			
Finance industry			
Aker	886581432	20	20
AS Kristiania Byggeselskap for Smaaleiligheter	833090852	6	6
B2Holding AS	992249986	5	5
Buskerud Telemark Vestfold Investeringsfond AS	978661459	0	0
DnB	981276957	236	236
Gjensidige Forsikring ASA	995568217	55	55
NMI Frontier Fund KS	993147044	36	36
NMI Fund III KS	993147044	22	22
NMI Global Fund KS	993147044	19	19
Norwegian Finans Holding ASA	991281924	6	6
Norwegian Microfinance Initiative AS	993147044	13	13
SpareBank 1 SMN	937901003	7	7
Sparebank 1 SR-Bank G	937895321	8	8
Sparebanken Møre	937899319	1	1
Storebrand Infrastruktur ASA	991853545		0
Troux Holding AS	981956001	0	0
Total finance industry Norwegian		**433**	**434**

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
Other equities			
ADEVINTA ASA-B	921796226	44	44
Equinor ASA	923609016	170	171
Mowi ASA	964118191	129	129
Norsk Hydro	914778271	91	92
Orkla	910747711	85	85
SalMar	960514718	37	37
Scatec ASA	990918546	56	56
Schibsted A	933739384	38	38
Schibsted B	933739384	38	38
Telenor	982463718	179	179
Tomra Systems	927124238	48	48
Yara International	986228608	98	99
Other Norwegian equities		296	296
Totalt other Norwegian equities		**1,310**	**1,312**
Equities in foreign companies			
Finance industry			
3I Group		9	10
ABN AMRO Group NV		2	3
Admiral Group Plc			0
Aegon NV		9	9
Aflac Inc.		21	22
Ageas (BE)		1	1
AGNC Investment Corp (REIT)		16	16
AIA Group Ltd		76	80
AIB Group PLC			
ALLEGHANY CORP		13	13
Allianz SE		98	101
Allstate Corp		17	18
Ally Financial Inc		10	10
American Express		42	44
American Financial Group Inc/OH		20	20
American International Group		20	21
Ameriprise Financial		8	9
Amp Ltd.		3	3
Amundi SA			
ANF Immobilier			
Annaly Capital Management Inc (REIT)		24	24
Aon Corp		28	29
Aozora Bank Ltd		4	4
Apollo Global Management Inc		1	1
Arch Capital		2	3
Arthur J Gallagher & Co			1

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
Assicurazioni General		16	16
Assurant		2	2
ASX Ltd		1	1
Athene Holding Ltd		12	12
Aust & Nz Bank Group		33	34
Aviva PLC		21	21
Axa		33	34
AXA Equitable Holdings Inc			1
Baloise			
Banco Bilbao Vizcaya Argentaria S.A.		12	13
Banco BPM SpA			
Banco Comercial Portugues			
Banco de Sabadell		4	4
Banco Espirito Santo SA (delisted)			
Banco Santander		28	30
Bank Kyoto		3	3
Bank of America Corp		158	163
Bank of Cyprus Holdings PLC			
Bank of East Asia			
Bank of Montreal		41	42
Bank of New York Mellon		29	30
Bank of Nova Scotia		46	47
Bankia SA		2	2
Bankinter		1	1
Barclays Bank		11	12
Bendigo and Adelaine Bank			
Berkshire Hathaway B		36	43
BGP Holding			
Blackrock		72	75
Blackstone Group LP/The		25	26
BNP Paribas		30	32
BOC Hong Kong Holdings		5	5
Brighthouse Financial Inc			
Brown & Brown		1	1
Caixabank		5	5
Canadian Imperial Bank of Commerce		20	21
Capital One Financial		18	19
Carlyle Group Inc/The			
CBOE Global Markets INC.		12	12
Challenger			
Charles Schwab Corp		42	43
Chiba Bank		4	4
Chubb Ltd		49	51
Ci Financial Corp		6	6
Cincinnati Finc. Corp		5	6
Citigroup		88	91
Citizens Financial Group Inc		9	9

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
CME Group Inc/IL		38	40
CNP Assurances		21	22
Comerica Inc		17	17
Commerzbank AG		4	4
Commonwealth Bank of Australia		74	77
Concordia Financial Group Ltd			
Credit Agricole		16	17
Credit Saison			
Credit Suisse Group RG		3	4
Dai-Ichi Life Holdings, INC		6	7
Daiwa Securities		1	1
Danske Bank A/S		1	1
DBS Group Holdings Limited		14	16
Deutsche Bank		9	9
Deutsche Boerse		13	13
Discover Financial Services		15	16
East West Bancorp Inc		4	4
Eaton Vance Corp		15	15
EQT AB			20
Erie Indemnity Co		2	2
Erste Group Bank AG		6	7
ESG Re			
Everest Re Group		4	4
EXOR NV		19	19
FactSet Research Systems Inc		1	1
Fairfax Financial Holdings Inc		6	6
Fifth Third Bancorp		1	1
FinecoBank Banca Fineco SpA			
First Republic Bank/CA		6	6
FNF Group		3	3
Franklin		1	1
Fukuoka Financial Group		6	6
Genworth Financial A			
Globe Life Inc		1	1
Goldman Sachs		60	61
Great West Lifeco		3	3
Groupe Bruxelles Lambert		2	2
Groupe Bruxelles Lambert SA			
Hachijuni Bank Ltd			
Hang Seng Bank		7	7
Hannon Armstrong Sustainable Infrastructure Capita		3	3
Hannover Rueck			
HARGREAVES LANSDOWN PLC		3	3
Hartford Financial Services		12	12
Hong Kong Exchanges & Clearing		36	38
HSBC Holdings (GBP)		57	60

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
Huntington Bancshares		2	2
IA -financial Corp Inc		3	3
IGM Financial Inc		20	20
Industrivaerden A			9
Industrivaerden C			3
Ing-Groep		20	21
Insurance Australia Group		1	1
Intact Financial Corp		1	1
Intercontinental Exchange Inc		36	37
Intesa SanPaolo		13	14
Invesco Ltd USA		26	26
Investec Plc		3	3
Investment AB Kinnevik (B)		4	17
Investor AB-A			9
Investor AB-B		11	48
J.P Morgan Chase and Co		249	258
Japan Exchange Group Inc		1	1
Japan Post Bank Co Ltd		4	4
Japan Post Holdings Co Ltd		2	2
Japan Post Insurance Co Ltd			
Jefferies Financial Group Inc		1	1
Julius Baer Holding Reg		1	1
KBC GROEP NV		26	27
Keycorp		8	8
Kingston Financial Group Ltd			
KK DA Holdings (delisted)			
KKR & Co Inc		7	7
L E Lundbergforetagen AB - B			6
Legal & General Group		29	30
Lincoln National Corp		26	26
Lloyds Banking Group PLC		19	20
Loews Corp		1	2
London Stock Exchange		17	19
M&G PLC		5	5
M&T Bank Corp		3	3
Macquarie GP LTD		18	19
Magellan Financial Group Ltd		2	2
Manulife Financial		34	35
Mapfre SA		1	1
Markel Corp		8	8
MarketAxess Holdings Inc		6	6
Marsh & Mclennan Cos		31	32
Mebuki Financial Group Inc		4	4
Medibank Pvt Ltd		1	1
Mediobanca SpA			1
Metlife		14	15

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
Mitsubishi UFJ Holdings Group		26	28
Mizuho Financial Group		16	17
Moody's		19	20
Morgan Stanley		50	52
MS&AD Insurance Group Holdings		1	2
MSCI Inc		16	17
Muenchener Rueckversicherungs RG		39	40
Nasdaq Inc		1	1
National Australian Bank		35	36
National bank of Canada		1	2
Natixis		6	7
Natwest Group PLC		1	1
Navient Corp			
New York Community Bancorp			
Ninety One PLC		2	3
NN Group NV		14	14
Nomura Holdings		24	24
Nordea Bank Abp		2	15
Nordic MicroCap			
Northern Trust Corporation		26	27
Old Mutual Ltd		3	3
Onex Corp		15	15
Orix		16	17
Overseas-Chinese Bank		5	6
Pargesa Holding SA-BR			
PARTNERS GROUP HOLDING AG			1
Peoples United Financial		3	3
PNC Financial Services		51	53
Poste Italiane SpA		13	13
Power Corp. of Canada			
Principal Financial Grp		10	10
Progressive Corp		37	39
Prudential		49	51
Prudential Financial Inc		21	22
QBE Insurance Group		7	7
Quilter PLC		2	3
Raiffeisen Intl Bank		4	4
RBS Holdings NV			
Regions Financial		4	4
Reinsurance Group of America Inc		17	17
Renaissancere Holdings		10	10
Resona Holdings		2	2
Royal Bank of Canada		79	81
Royal Sun & Alliance Insurance		1	2
S&P Global Inc		51	53
Sampo Oyj			

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
SBI Holding		1	1
Schroders		2	2
SCOR SE		4	4
Sei Investments Co		1	1
Seven Bank Ltd			
Shinsei Bank		2	2
Shizuoka Bank			
Signature Bank/New York NY			
Singapore Exchange		13	13
Skandinaviska Enskilda Banken A		29	48
Societe Generale		6	6
Sompo Holdings Inc		7	7
Standard Chartered		5	6
Standard Life PLC		7	7
State Street		19	20
Sumitomo Mitsui Financial Group		6	7
Sumitomo Mitsui Trust Holdings		28	28
Sun Life Financial Inc		10	11
Suncorp Group Holding		4	4
Suntrust Banks			
SVB Financial Group		15	15
Svenska Handelsbanken A		11	31
Swedbank AB (A shs)		1	11
Swiss Life RG			
Swiss Re Ltd		15	16
Swiss Reinsurance			
Synchrony Financial		6	6
T Rowe Price Group Inc		19	20
T&D HOLDINGS		16	16
The Travelers Companies, Inc.		34	35
Tokio Marine Holdings, Inc.		16	17
Tokyo Century Corp		1	1
Toronto - Dominion Bank (CAD)		72	75
TP ICAP PLC			
TRUIST FINANCIAL CORP		33	34
Tryg			
UBS Group AG		40	41
UniCredit SPA		2	2
United Overseas Bank		3	3
Unum Group		26	26
US Bancorp		33	35
Voya Financial Inc		6	6
Wells Fargo		11	14
WELLS FARGO & CO DIVIDEND EQUALIZATION PFD			
Wendel			
Westpac Banking Corp		21	22

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
Willis Towers Watson Plc		16	16
WR Berkley		1	1
Zions Bancorporation		6	6
Zurich Financial Services AG		19	21
Total finance industry foreign		**3,699**	**4,011**
Other equities			
3M CO		81	83
ABB (CHF)		109	111
Abbott Laboratories		119	123
Abbvie		107	111
Accenture PLC		100	104
Activision Blizzard		35	36
Adidas AG		36	38
Adobe Inc		169	175
Advanced Micro Devices		60	62
Agilent Technologies		34	35
AIP Escalade Holding K/S, Denmark			156
AIP Mallard Holding K/S, Denmark			355
Air Products & Chemicals		52	54
Alphabet Inc Class A		239	248
Alphabet Inc Class C		354	367
Amazon Com		757	785
American Tower Corp (REIT)		58	61
American Water Works Co Inc		116	117
Amgen		74	78
Anthem Inc		58	60
Antofagasta Plc		46	48
Apple Inc		1,246	1,294
Applied Materials		49	51
ASML Holding NV		94	100
Astrazeneca (GBP)		85	89
AT&T Inc		140	144
Autodesk		39	41
Automatic Data Processing		43	45
Avery Dennison Corp		38	39
Bakkafrost P/F		35	35
BCE Inc.		42	42
Becton Dickinson & Co		54	56
Booking Holdings Inc		48	50
Boston Scientific		36	37
Brambles Ltd		41	41
Bristol-Myers Squibb		92	95
Broadcom Inc		105	108
Canadian National Railway		53	55
Canadian Pacific Railway Ltd		51	52

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
Caterpillar		64	67
Charter Communications, Inc. - A		50	52
Cigna Corp		48	49
Cisco Systems		132	136
Coca-Cola		172	177
Colgate Palmolive		71	73
Comcast Corp A		139	144
Crown Castle International Corp (REIT)		44	45
CSL Ltd		53	56
CSX		50	52
Cummins		37	38
CVS Health		48	50
Daikin Industries		56	58
Danaher Corp		95	98
Deere & Co		42	44
Deutsche Telecom		52	54
Dover		37	38
Dow Inc		37	38
DuPont de Nemours Inc		35	36
Ecolab		46	48
Edwards Lifescienc		45	46
Eli Lilly & Co		95	99
Equinix Inc (REIT)		43	45
Essential Utilities Inc		59	60
Facebook Inc.		370	383
Fidelity National Informatio		47	49
First Quantum Minerals		37	38
Fiserv		38	39
Fortescue Metals Group		56	59
Geberit AG Reg		64	65
General Mills		35	36
GETLINK		45	45
Gilead Sciences Inc		42	44
GlaxoSmithkline		84	87
Hancock Timberland VIII Inc		228	228
Home Depot		164	170
Humana Inc		36	37
Hydro One Ltd		37	38
Illinois Tool Works		38	40
Infineon		44	45
Intel		116	121
International Business Machines Corp		58	61
Intuit		57	59
Intuitive Surgical		60	62
Kao Corp		35	36
KERING		42	43
Keyence		49	52

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
Kimberly-Clark		44	45
Koninklijke DSM NV		69	69
Koninklijke Philips		39	40
Lam Research Corp		51	52
Legrand		51	52
Linde PLC		118	121
L'Oreal SA		69	71
Lowe's Cos Inc		48	50
Mastercard Inc		187	194
McDonald's Corp		100	104
Medtronic PLC		105	109
MercadoLibre Inc		41	42
Merck		60	61
Merck & Co		152	157
Micron Technology		45	47
Microsoft		903	937
Mondelez International Inc		92	94
Monster Beverage Corp		36	36
Nestle		222	232
Netflix Inc		136	141
Newmont Corp		72	73
NIKE Inc - B		108	112
Nintendo		34	36
Norfolk Southern Corp		35	36
Novo-Nordisk B		68	72
NVIDIA		191	198
Oracle Corporation		111	114
PAYPAL HOLDINGS INC		153	159
Pepsico Inc		163	168
Pfizer		152	157
Procter & Gamble		214	221
Prologis Inc (REIT)		91	93
Qualcomm		113	117
Reckitt Benckiser		45	47
Relx Plc		37	38
Roche Holding Genuss		156	164
Rockwell Automation Inc		34	35
Roper Technologies		47	48
Salesforce.Com Inc		125	129
Sanofi		74	78
Sap SE		83	87
Schneider Electric		109	111
ServiceNow Inc		64	66
Severn Trent Water		49	49
Shopify Inc		67	69
Siemens		66	70

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
Softbank Group Corp		68	72
Sony Corp		86	89
Square Inc		49	50
Starbucks Corp		87	90
Stryker Corp		46	48
Sysco Corp		36	37
Target Corporation		63	65
Telus Corp		46	47
Terna Rete Elettrica Nazionale SpA		53	54
Tesla Inc		56	67
Texas Instruments		104	107
Thermo Fisher Scientific Inc		117	121
Thomson Reuters Corp		35	36
TJX Cos Inc/The		36	38
T-Mobile US Inc		56	57
Tokyo Electron		42	44
Toyota Motor		101	106
Unilever GB		76	78
Unilever PLC		35	37
Union Pacific Corp		91	95
United Health Group		186	193
United Parcel Services		72	75
Verizon Communications		139	144
Vestas Wind System		121	123
Vinci		56	58
Visa Inc - Class A shares		230	238
Vodafone Group		62	63
Walgreens Boots Alliance Inc		44	44
Walt Disney		198	206
Waste Mangement		82	84
Weyerhaeuser Co (REIT)		43	43
WW Grainger Inc		34	35
Xylem Inc		43	43
ZOETIS INC		57	59
Zoom Video Communications Inc		45	46
Other equities foreign		8,397	9,468
Total other equities foreign		**24,348**	**26,476**
Total equities		**29,790**	**32,233**
Of which listed equities		2,321	3,199
Units			
Aktiv Påverkan R2 - B			162
Alfa Aktiv			125
Allra Strategi Försiktig B			306
Arctic Nordic Equities			165

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
Bain Capital Fund VII		34	34
BNY Mellon Japan Small Cap Equity Focus Fund			178
Carnegie Multi			1,018
Carnegie Sverigefond			1,541
Carnegie Total Plus			147
Cicero Hållbar Mix			542
Cicero Sverige A			128
Coeli Mix F			286
Contrarian 65 - B			223
Cubera International Private Equity 20 Class B-6		62	62
Delphi Europe A		107	107
Delphi Europe NOK			461
Delphi Global A		405	405
Delphi Global Valutasikret		64	64
Delphi Nordic		434	434
Delphi Norge		329	329
East Capital Östeuropafonden			125
Eastspring Japan Dynamic Fund Class A USD			253
Enter Sverige			116
Equinor Aksjer Europa		271	271
Equinor Aksjer Norge		1,486	1,486
Equinor Aksjer Pacific		166	166
Equinor Aksjer USA		941	941
Espiria Sverige-Världen AC			842
Espiria Världen AC			131
Fidelity China Focus EUR			151
First State China Focus Fund USD			131
First State Global Umbrella PLC-China Growth Fund		132	132
Fondsfinans Norge		62	62
Franklin India USD			751
Granit Basfonden A			217
Granit Global 85			242
Handelsbanken Europa Selektiv			236
IKC 0-100			152
IKC 0-50			954
IKC Global Brand			241
IKC Strategifond			338
JPMorgan Global Focus EUR			1,320
JRS Global Growth RC			192
JRS Global Wealth RC			451
Lazard Pan-European Small Cap Fund			473
Lynx			1,548
Maj Invest Global Value Equities			126
Mobilis Mix			216
Naventi Global Företagsobligationsfond			155
Naventi Offensiv Flex			426

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
Navigera Balans 1			402
Navigera Classic 20			1,450
Navigera Dynamica 80 Global			786
Navigera Global Change			111
Navigera Tillväxt 1			378
NCAM Balanserad			181
Norron Select			672
ODIN Fastighet C			420
Pictet - China Index			397
PIMCO GIS Emerging Markets Bond ESG Fund			122
Proaktiv 75 PM - B			276
Proaktiv 80 - B			353
Proaktiv 85 - A			2,859
Proaktiv 85 - B			1,852
Proaktiv 85 - D			611
Schroder Alt Solution Commodity USD			2,081
Schroder Emerging Market Debt SEK			194
Schroder Frontier Markets USD			1,228
Sensor Sverige Select			766
SKAGEN Global A		440	440
SKAGEN Global NOK			378
SKAGEN Kon-Tiki A		355	355
SKAGEN Select 100		709	709
Solidar Aggressiv Plus			375
Solidar Flex 100 Plus			145
SPP Aktiefond Stabil - class A		224	224
SPP Aktiefond USA			589
SPP Emerging Markets Plus			314
SPP Emerging Markets Plus – class A		5,975	7,262
SPP Emerging Markets SRI			270
SPP Emerging Markets SRI - class A		2,486	2,645
SPP Generation 70-tal			2,767
SPP Generation 80-tal			10,893
SPP Global Multifactor Plus			808
SPP Global Plus			115
SPP Global Plus - class A			2,214
SPP Global Solutions - class A			683
SPP Global Solutions A			8,013
SPP High Yield Företagsobligation			155
SPP Mix 100			6,032
SPP Mix 20			163
SPP Mix 50			952
SPP Sverige Plus - class A			819
SPP Sverige Småbolag Plus			1,751
SPP Sverige Småbolag Plus - Class A			111
Standard Life GARS			11,060

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
State Street Australia Index Equity Fund			19,541
State Street Canada Index Equity Fund			9,030
State Street EMU Index Equity Fund			1,228
State Street Japan Index Equity Fund			316
State Street Pacific Ex Japan Index Equity Fund			797
State Street Switzerland Index Equity Fund			1,829
Storebrand Emerging Private Equity Markets 2007 B3		60	60
Storebrand Emerging Private Equity Markets B3		43	43
Storebrand Fornybar Energi		1,616	1,616
Storebrand Global ESG A		2,816	2,816
Storebrand Global ESG Plus A		5,577	5,577
Storebrand Global ESG Plus LUX I EUR		643	643
Storebrand Global Indeks B		1,616	1,616
Storebrand Global Indeks Valutasikret A		63	63
Storebrand Global Multifactor A		8,216	8,216
Storebrand Global Multifactor LUX I EUR		337	337
Storebrand Global Multifactor NOK			701
Storebrand Global Multifaktor Valutasikret A		39	39
Storebrand Global Solutions A		7,345	7,345
Storebrand Global Solutions LUX I EUR		296	296
Storebrand Global Value A		263	263
Storebrand Indeks - Norge A		6,236	6,236
Storebrand Indeks Alle Markeder A		1,565	1,565
Storebrand Indeks Nye Markeder A		321	321
Storebrand Indeks-Norge			1,281
Storebrand Int. Private Eq. 15 Ltd - Class B-2			169
Storebrand Int. Private Eq. 15 Ltd - Class B-4		825	825
Storebrand Int. Private Eq. 16 Ltd - Class B-3			144
Storebrand Int. Private Eq. 16 Ltd - Class B-6		1,174	1,174
Storebrand Int. Private Eq. 17 Ltd - Class B-3			137
Storebrand Int. Private Eq. 17 Ltd - Class B-6		866	866
Storebrand International Private Eq 18 Class B-5		126	126
Storebrand International Private Eq 18 Class B-6		498	498
Storebrand International Private Eq 19 Class B-6		73	73
Storebrand International Private Eq 19 Class B-7		314	314
Storebrand International Private Equity 13 - B-3			131
Storebrand International Private Equity 13 - B-4		403	439
Storebrand International Private Equity 14 - B-2			153
Storebrand International Private Equity 14 - B-4		750	750
Storebrand International Private Equity IX - B3		18	129
Storebrand International Private Equity V Ltd - B3		102	106
Storebrand International Private Equity VI Ltd -B3		115	119
Storebrand International Private Equity VII Ltd-B3		138	144
Storebrand International Private Equity VIII LtdB3		149	296
Storebrand International Private Equity X - B-3		235	352
Storebrand International Private Equity XI - B-3		668	848

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring group Fair value
Storebrand International Private Equity XII - B-3			124
Storebrand International Private Equity XII - B-4		448	448
Storebrand Nordic Private Equity III Ltd.		45	54
Storebrand Norge A		42	42
Storebrand Norge Fossilfri			948
Storebrand Norge Fossilfri A		1,406	1,406
Storebrand Norge I		7,106	7,106
Storebrand Norwegian Private Equity 2006 Ltd. - B3		64	64
Storebrand Norwegian Private Equity 2007 Ltd. - B3		61	61
Storebrand Vekst A		176	176
Storebrand Verdi A		144	144
Swedbank Robur Access Sverige			6,306
T. Rowe Price Asian ex-Japan Equity Fund			504
T.Rowe Price Asian ex-Japan Equity Fund		71	71
T.Rowe Price Global High Yield SEK			182
T.Rowe Price U.S. Large-Cap Value Equity A		43	43
UBAM - Global High Yield Solution AHC SEK			645
Vanguard Eurozone Stock Index Fund			149
Vanguard Global Small-Cap Index Fund			347
Vanguard US 500 Stock Index Fund			372
Wellington Global Health Care Equity Portfolio		284	284
Wellington Global Impact Fund			332
Other units		349	3,991
Total units		**68,429**	**198,315**
Total equities and other units		**98,219**	**230,548**

Note 33 Bonds and other fixed income securities at fair value

STOREBRAND LIVSFORSIKRING GROUP

NOK million	2020 Fair value	2019 Fair value
Government bonds	34,206	31,416
Corporate bonds	62,043	60,055
Collateralised securities	3,128	1,219
Bond funds	66,136	55,350
Total bonds and other fixed-income securities	**165,513**	**148,040**

	Storebrand Livsforsikring AS	SPP Pension & Försäkring AB	Euroben Life and Pension ltd.
Modified duration	6.24	5.86	4.20
Average effective yield	1.6 %	0.9 %	0.8 %

The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.Interest derivatives are included in the calculation of modified duration and average effective interest rate.

STOREBRAND LIVSFORSIKRING AS

NOK million	2020 Fair value	2019 Fair value
Government bonds	7,661	4,992
Corporate bonds	28,313	25,794
Collateralised securities	1,097	732
Bond funds	43,052	39,467
Total bonds and other fixed-income securities	**80,122**	**70,986**

Note 34 Derivates

Storebrand Livsforsikring makes active use of financial derivatives. Derivative contracts are used in particular to make effective use of exposure to investment risk in order to create the potential for a sound long-term risk-adjusted investment return. Derivatives often provide a quicker, simpler and cheaper way to increase or reduce exposure to specific risks, and can also be used to protect the investment portfolio against adverse developments. The individual share and bond portfolios use financial derivatives to manage the overall risk exposure within the limits applied. Definitions of the various derivatives contracts used can be found in the “Terms and expressions” section.

NOMINAL VOLUME

Financial derivatives are related to underlying amounts which are not recognised in the statement of financial position. In order to quantify the scope of the derivatives, reference is made to amounts described as the underlying nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and provides some indication of the size of the position and risk the derivative presents.

Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume provides some indication of the risk exposure. However, nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives. Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions.

A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. For currency derivatives, a long position results in a positive change in value if the relevant exchange rate strengthens against the NOK. Average gross nominal volume are based on daily calculations of gross nominal volume.

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Gross nominal volume [1)]	Gross booked value financial assets	Gross booked value financial liabilities	Net booked financial. assets/ liabilities	Amounts that can, but are not presented net in the balance sheet Financial assets	 Financial. liabilities	Net amount
Interest derivatives	245,059	6,291	627				5,664
Currency derivatives	189,348	3,613	259				3,353
Total derivatives 2020	**434,407**	**9,903**	**886**				**9,017**
Total derivatives 2019	150,241	5,253	932				4,321

1) Values 31.12.

STOREBRAND LIVSFORSIKRING AS

NOK million	Gross nominal volume [1]	Gross booked value financial assets	Gross booked value financial liabilities	Net booked financial. assets/ liabilities	Amounts that can, but are not presented net in the balance sheet: Financial assets	Financial. liabilities	Net amount
Interest derivatives	159,426	4,399	166				4,233
Currency derivatives	182,669	3,216	235				2,981
Total derivatives 2020	**342,095**	**7,615**	**401**				**7,214**
Total derivatives 2019	101,792	3,211	421				2,789

1) Values 31.12.

Note 35 Tangible fixed assets and leases

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Equipment	Fixtures & fittings	2020	2019
Book value 01.01	11	6	16	12
Additions		4	4	10
Disposals			0	-1
Depreciation	-3	-1	-4	-4
Currency differences from converting foreign units			0	0
Book value 31.12	**8**	**8**	**17**	**16**

DEPRECIATION PLAN AND FINANCIAL LIFETIME:

Depreciation method:	Straight line
Vehicles/equipment	3-4 years
Fixtures & fittings	3-8 years

SPECIFICATION OF TANGIBLE FIXED ASSETS AND LEASE AGREEMENTS IN BALANCE SHEET

NOK million	2020	2019
Tangible fixed assets	17	16
Right of use assets	683	308
Book value 31.12	**700**	**325**

LEASES

The Group's leased assets include offices and other real estate, IT equipment and other equipment. The Group's right-of-use assets are categorised and presented in the table below:

NOK million	Buildings	IT-equipment	Other equipment	2020	2019
Acquisition cost 01.01	272	67	2	340	276
Additions	358	1		359	64
Currency differences from converting foreign units	28	4		33	0
Acquisition cost 31.12	**658**	**72**	**2**	**731**	**340**
Accumulated write-downs/depreciations 01.01	-14	-18		-32	
Depreciation	-6	-17		-24	-22
Currency differences from converting foreign units	7			7	-10
Accumulated write-downs/depreciations 31.12	-13	-35	-1	-48	-32
Booked value 31.12	**645**	**37**	**1**	**683**	**308**

APPLIED PRACTICAL SOLUTIONS

The Group also leases PCs, IT equipment and machinery with contract terms from 1 to 3 years. The Group has decided not to recognise leases when the underlying asset has a low value and therefore does not recognise lease liabilities and right-of-use assets for any of these leases. Instead, the lease payments are expensed as they are incurred. The Group also does not recognise lease liabilities and right-of-use assets for short-term leases of less than 12 months.

LEASE LIABILITIES

NOK MillioN	2020	2019
Less than 1 year	24	23
1-2 years	22	20
2-3 years	4	18
3-4 years	1	1
4-5 years		
Mote than 5 years	634	249
Total non-discounted lease liabilities 31.12	**685**	**311**

CHANGES IN LEASE LIABILITIES

NOK million	2020	2019
Initial recognition 01.01.	309	273
New/changed lease liabilities recognised during the period	359	68
Payment of principal	-25	-23
Payment of interest	1	2
Exchange rate differences when converting foreign unit	40	-10
Total lease liabilities 31.12.	**684**	**309**

OTHER LEASE EXPENSES INCLUDED IN THE INCOME STATEMENT

NOK million	2020	2019
Lease agreement with lower value	-14	-10
Total lease expenses included in operating expenses	**-14**	**-10**

STOREBRAND LIVSFORSIKRING AS

NOK million	Equipment	Vehicles	Fixtures & fittings	2020	2019
Book value 01. 01	11			11	4
Additions				1	10
Depreciation	-3			-3	-3
Booked value 31.12	**8**	**0**	**0**	**9**	**11**

DEPRECIATION PLAN AND FINANCIAL LIFETIME::

Depreciation method:	Straight line
Vehicles/equipment	3-4 years
Fixtures & fittings	3-8 years

LEASES

NOK million	Buildings	IT-equip-ment	2020	2019
Acquisition cost 01.01	6	4	10	10
Additions			0	
Disposals			0	
Acquisition cost 31.12	**6**	**4**	**10**	**10**
Accumulated depreciation & write-downs 01.01	-2		-2	0
Depreciation	-2	-1	-3	-2
Accumulated depreciation & write-downs 31.12.	**-4**	**-1**	**-4**	**-2**
Booked value 31.12	**3**	**3**	**6**	**8**

SPECIFICATION OF TANGIBLE FIXED ASSETS AND LEASE AGREEMENTS IN BALANCE SHEET

NOK million	2020	2019
Tangible fixed assets	9	11
Right of use assets	6	8
Book value 31.12	**14**	**19**

NOK million	2020	2019
Less than 1 year	3	3
1-2 years	1	3
2-3 years	1	2
3-4 years	1	1
Total non-discounted lease liabilities 31. 12.2019	**6**	**8**

CHANGES IN LEASE LIABILITIES

NOK million	2020	2 019
Initial recognition 01.01.2019	8	6
New/changed lease liabilities recognised during the period		4
Payment of principal	-3	-2
Payment of interest		
Total lease liabilities 31. 12.2019	**6**	**8**

OTHER LEASE EXPENSES INCLUDED IN THE INCOME STATEMENT

NOK million	2020	2 019
Lease agreement with lower value	-8	-5
Total lease expenses included in operating expenses	**-8**	**-5**

Note 36 Other receivables

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
NOK million	2020	2019	2020	2019
Accounts receivable - not insurance related	164	23		
Receivables from brokers	2,138	316	512	119
Collateral received	2,022	1,086	928	183
Receivables yield tax	215	243		
Tax account	109	1,067		
Other current receivables	305	472	34	55
Total	**4,953**	**3,206**	**1,474**	**356**

Note 37 Insurance liabilities by class of business

							Storebrand Livsforsikring AS	
NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance	2020	2019
Premium reserve	277,856	2,686	1,535	13,020	14,081		309,179	286,511
- of which IBNS	1,843	58	1,427	1,148	24		4,501	4,079
- of which premium income received in advance	1,594	15	26				1,636	1,537
Additional statutory reserves	10,250	264		180	686		11,380	9,023
Market value adjustment reserve	6,676	211	44	57	165	17	7,170	5,500
Premium fund	1,346	417					1,763	1,505
Deposit fund	503						503	511
Pensioners' surplus fund							0	-0
Conditional bonus							0	0
Other technical reserves						702	702	649
- of which IBNS						587	587	607
Total insurance liabilities	**296,632**	**3,579**	**1,579**	**13,256**	**14,932**	**720**	**330,697**	**303,699**

NOK million	Euroben 2020	Euroben 2019	SPP Pension & Försäkring 2020	SPP Pension & Försäkring 2019	Storebrand Livsforsikring group 2020	Storebrand Livsforsikring group 2019
Premium reserve	9,367	8,346	213,170	178,518	531,715	473,375
- of which IBNS	11		1,014	672	5,526	4,752
- of which premium income received in advance					1,636	1,537
Additional statutory reserves					11,380	9,023
Market value adjustment reserve					7,170	5,500
Premium fund					1,763	1,505
Deposit fund					503	511
Pensioners' surplus fund					0	-0
Conditional bonus	1,503	1,500	9,266	7,802	10,769	9,302
Other technical reserves					702	649
- of which IBNS					587	607
Total insurance liabilities	**10,870**	**9,847**	**222,436**	**186,319**	**564,002**	**499,865**

ENDOWMENT INSURANCE

NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	2020	2019
Premium reserve	2,089	1,845	9,086	13,020	11,350
Additional statutory reserves	180	-0		180	181
Market value adjustment reserve	35	22		57	51
Total insurance liabilities	**2,303**	**1,868**	**9,086**	**13,256**	**11,583**

ANNUITY/PENSION INSURANCE

NOK million	Profit allocation	Investment choice	2020	2019
Premium reserve	8,344	5,737	14,081	13,862
Additional statutory reserves	686		686	741
Market value adjustment reserve	165		165	131
Total insurance liabilities	**9,195**	**5,737**	**14,932**	**14,734**

GROUP PENSION PRIVATE SECTOR

NOK million	Company pension without investment choice	Paid-up policies without investment choice	Paid-up policies with investment choice	Occupational pension without investment choice	Occupational pension with investment choice	Pension certificate without investment choice
Premium reserve	19,086	131,273	17,761	2,733	1,843	150
Additional statutory reserves	1,636	8,446		163		
Market value adjustment reserve	1,554	4,882		121		5
Premium fund	387	10		234		
Deposit fund	503					
Pensioners' surplus fund	-3			3		
Total insurance liabilities	**23,163**	**144,610**	**17,761**	**3,254**	**1,843**	**155**

GROUP PENSION PRIVATE SECTOR

NOK million	Occupational pension without profitsharing	Defined contribution pension with investment choice	Pension capital certificate without investment choice	Pension capital certificate with investment choice	2020	2019
Premium reserve	2,051	64,541	284	38,135	277,856	257,439
Additional statutory reserves			6		10,250	7,864
Market value adjustment reserve	100		14		6,676	5,118
Premium fund	715				1,346	1,368
Deposit fund					503	511
Pensioners' surplus fund					0	0
Total insurance liabilities	**2,866**	**64,541**	**304**	**38,135**	**296,632**	**272,301**

GROUP PENSION PUBLIC SECTOR

NOK million	Defined benefit without investment choice	2020	2019
Premium reserve	2,686	2,686	2,506
Additional statutory reserves	264	264	236
Market value adjustment reserve	211	211	150
Premium fund	417	417	137
Total insurance liabilities	**3,579**	**3,579**	**3,030**

The table below shows the anticipated compensation payments (excl. repurchase and payment).

DEVELOPMENT IN EXECTED INSURANCE CLAIM PAYMENTS

(NOK mrd.)	Storebrand Livsforsikring AS	SSP	Euroben
0-1 year	13	7	
2-3 years	27	14	1
More than 3 years	272	192	8
Total	**312**	**213**	**9**

NON-LIFE INSURANCE

	Storebrand Livsforsikring AS	
NOK million	2020	2019
Reinsurance share of technical insurance reserves	15	67
Total assets	**15**	**67**
Premium reserve	116	41
IBNS	587	607
Total assets	**702**	**649**
Market value adjustment reserve	17	14
Total insurance liabilities	**720**	**662**

MARKET VALUE ADJUSTMENT RESERVE

NOK million	2020	2019	Change 2020
Equities and units	3,102	4,424	-1,322
Bond and other fixed income securities	4,069	1,076	2,992
Total	**7,170**	**5,500**	**1,670**

Note 38 Change in insurance liabilities in life insurance

INSURANCE OBLIGATIONS IN LIFE INSURANCE - CONTRACTUAL OBLIGATIONS

NOK million	Premium reserve	Additional statutory reserves	Market value adjust-ment reserve	Premium-, deposit- and pension surplus fund	Other technical reserves non-life insurance	Storebrand Livsforsikring AS 2020	2019
Book value 01.01	**171,973**	**9,023**	**5,500**	**2,016**	**649**	**189,160**	**185,446**
Changes in insurance obligations recognised in the Profit and Loss							
2.1 Net realised reserves	-554	2,460	1,670	3	106	3,685	3,490
2.2 Profit on the return	240			268		508	199
2.3 The risk profit allocated to the insurance agree-ments	109			4		113	196
2.4 Other allocation of profit	84					84	43
Total changes in insurance obligations recognised in the Profit and Loss	**-122**	**2,460**	**1,670**	**275**	**106**	**4,389**	**3,928**
Non-realised changes in insurance liabilities							
3.1 Transfers between funds	164	-108		-26		30	39
3.2 Transfers to/from the company	39				-52	-13	-236
Currency differences	36	4				40	-16
Total non-realised changes in insurance liabilities	**238**	**-104**		**-26**	**-52**	**57**	**-213**
Book value 31.12	**172,089**	**11,380**	**7,170**	**2,266**	**702**	**193,607**	**189,160**

INSURANCE OBLIGATIONS IN LIFE INSURANCE - INVESTMENT CHOICE PORTFOLIO SEPARATELY

NOK million	Premium reserve	Storebrand Livsforsikring AS 2020	2019
Book value 01.01	**114,538**	**114,538**	**93,441**
Changes in insurance obligations recognised in the Profit and Loss			
2.1 Net realised reserves	22,580	22,580	21,134
Total changes in insurance obligations recognised in the Profit and Loss	**22,580**	**22,580**	**21,134**
Non-realised changes in insurance liabilities			
3.1 Transfers between funds	-32	-32	-39
3.2 Transfers to/from the company			
Currency differences	3	3	2
Total non-realised changes in insurance liabilities	**-29**	**-29**	**-37**
Book value 31.12	**137,090**	**137,090**	**114,538**

Note 39 Other liabilities

NOK million	Storebrand Livsforsikring group 2020	2019	Storebrand Livsforsikring AS 2020	2019
Accounts payable	142	141	43	59
Governmental fees and tax withholding	343	293	81	75
Received collateral in cash	8,141	2,929	6,118	1,149
Debt broker	2,769	248	1,206	137
External financing of properties	1,746	1,140		
Leases liabilities	684	309	6	8
Other current liabilities	451	501	99	22
Total other current liabilities	**14,276**	**5,560**	**7,553**	**1,450**

Note 40 Hedge accounting

STOREBRAND LIVSFORSIKRING GROUP

FAIR VALUE HEDGING OF INTEREST RATE RISK AND CASH FLOW HEDGING OF FOREIGN EXCHANGE RISK

Storebrand uses fair value hedging for the interest rate risk. The hedged items are financial assets and liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that are attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised through profit or loss.

Hedge effectiveness is monitored at an individual security level.

Storebrand uses cash flow hedging for the credit margin. The hedged items are liabilities measured at amortised cost. Derivatives are recognised at fair value. The proportion of the profit or loss on the hedging instrument that is deemed to be effective hedging is recognised in total comprehensive income. The proportion is subsequently reclassified to profit or loss in step with the hedged item's effect on earnings. Hedge effectiveness is 94 per cent per 31.12.20.

Hedging instrument/hedged item

	2020					2019				
		Book value [1]					Book value [1]			
NOK million	Contract/ nominal value	Assets	Liabilities	Booked P/L	Recognised in comprehensive income	Contract/ nominal value	Assets	Liabilities	Booked P/L	Recognised in comprehensive income
Interest rate swaps	2,273	1,094			141	2,273	1,062			-55
Subordinated loans	-2,238		3,420	-2	-173	-2,238		3,243	-5	19

1) Book values as at 31.12.

HEDGING OF NET INVESTMENT IN STOREBRAND HOLDING AB

In 2020, Storebrand used cash flow hedging of the foreign exchange risk linked to Storebrand's net investment in Storebrand Holding AB. Three-month rolling currency derivatives were used, and the spot element of these was used as a hedging instrument. The effective share of the hedging instruments is recognised in total comprehensive income. There is partial hedging of the net investment in Storebrand Holding AS and it is therefore expected that the hedge effectiveness in the future will be about 100 per cent. Expenses of NOK 868 million were recognised in total comprehensive income in connection with the hedging of Storebrand Holding AB, compared with income of NOK 322 million in 2019.

Hedging instrument/hedged item

NOK million	2020 Contract/ nominal value	2020 Book value [1] Assets	2020 Book value [1] Liabilities	2019 Contract/ nominal value	2019 Book value [1] Assets	2019 Book value [1] Liabilities
Currency derivatives	-4,700		27	-4,700		27
Subordinated loans as a hedge instrument	-3,650		3,815	-3,650		3,426
Underlying items		10,045			9,045	

1) Book values at 31.12.

STOREBRAND LIVSFORSIKRING AS

FAIR VALUE HEDGING OF INTEREST RATE RISK AND CASH FLOW HEDGING OF FOREIGN EXCHANGE RISK

Storebrand uses fair value hedging for the interest rate risk. The hedged items are financial assets and liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that are attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised through profit or loss.
Hedge effectiveness is monitored at an individual security level.

Storebrand uses cash flow hedging for the credit margin. The hedged items are liabilities measured at amortised cost. Derivatives are recognised at fair value. The proportion of the profit or loss on the hedging instrument that is deemed to be effective hedging is recognised in total comprehensive income. The proportion is subsequently reclassified to profit or loss in step with the hedged item's effect on earnings. Hedge effectiveness is 94 per cent per 31.12.20.

Hedging instrument/hedged item

NOK million	2020 Contract/ nominal value	2020 Book value [1] Assets	2020 Book value [1] Liabilities	2020 Booked P/L	2020 Recognised in comprehensive income	2019 Contract/ nominal value	2019 Book value [1] Assets	2019 Book value [1] Liabilities	2019 Booked P/L	2019 Recognised in compre-hensive income
Interest rate swaps	2,273	1,094			141	2,273	1,062			-55
Subordinated loans	-2,238		3,420	-2	-173	-2,238		3,243	-5	19

1) Book values at 31.12.

Storebrand hedges an exposure in the reference interest rate EURIBOR 3M.

Storebrand hedges an exposure of EUR 300 million nominal value in EURIBOR 3M.

Storebrand follows market developments relating to the discontinuation of reference interest rates. New reference interest rates will influence the management of customer portfolios, but the scope and efficiency will particularly depend on the future for NIBOR and STIBOR.

LIBOR for different currencies will be available until the end of 2021, but the transition to new "overnight interest rates" appears to be progressing faster than first assumed. This may result in some of the "Panel banks" not providing data to maintain the LIBOR interest rates until the end of 2021. This could make the LIBOR interest rates less attractive to use and the transition to new "overnight" reference interest rates" before the end of 2021 may be in all of the parties' interests. The transition to new reference interest rates and specification of "fallbacks" will be calculated by ISDA and published by Bloomberg. To ensure the wording of the agreements between the market players, ISDA will release a "Protocol" at the end of Q1 2020 and it is expected that most market players will accede to the "Protocol". Storebrand Asset Management has the ambition of acceding to the "Protocol" on behalf of the life insurance companies in the Group. NIBOR and STIBOR will not be immediately affected, and the administrator of these reference interest rates has an ambition of also continuing these beyond 2021. GBP LIBOR is expected to be replaced by SONIA (Sterling Overnight Index Average). USD LIBOR is expected to be replaced by SOFR (Secured Overnight Financing Rate), and EUR LIBOR will be replaced by EUR ESTER. The transfer to "overnight interest rates" for the major currencies may also influence the continuation of NIBOR. NIBOR will then be able to be replaced with NOWA (Norwegian Overnight Weighted Average).

The derivative that hedges the EURIBOR 3M risk is a cross currency swap of EUR 300 million nominal value.

Note 41 Collateral

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
NOK million	2020	2019	2020	2019
Collateral for Derivatives trading	3,380	904	928	197
Collateral received in connection with Derivatives trading	-8,828	-3,939	-6,817	-2,170
Total received and pledged collateral	**-5,448**	**-3,035**	**-5,889**	**-1,973**

The CSA agreements entered into with 13 counterparties regulate the security that can be used by the parties in OTC contracts that have been entered into. Most of the agreements have a minimum transfer amount of EUR 500,000. All agreements stipulate that cash in EUR and NOK can be used as security. In some of the agreements, government bonds are also defined as approved security. Interest is calculated based on the NOWA and EONIA rates respectively.

Security provided for futures and options is adjusted daily on the basis of a daily margin settlement for each contract.

Security is received and provided in the form of both cash and securities. Security in the form of cash is recognised in the balance sheet and classified as other receivables and other current liabilities in Notes 36 and 39 respectively.

Note 42 Contingent liabilities

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
NOK million	2020	2019	2020	2019
Uncalled residual liabilities re limited partnership	8,251	7,297	7,686	6,433
Total contingent liabilities	**8,251**	**7,297**	**7,686**	**6,433**

Storebrand Livsforsikring AS has unutilized credit limits in connection with lending to and receivables from customers. See note 9 Credit risk.

The Storebrand Group companies are engaged in extensive activities in Norway and abroad, and are subject for client complaints and may become part in legal disputes.

Note 43 Transactions with related parties

Companies in the Storebrand Livsforsikring Group have transactions with other companies in the Storebrand Group, senior employees and shareholders in Storebrand ASA. These are transactions that are a part of the products and services offered by the companies in the group to their customers. The transactions are entered into on commercial terms and include occupational pensions, private pensions savings, leasing of premises, and lending.

During 2020 Storebrand Livsforsikring AS has bought mortgages from sister company Storebrand Bank ASA.The transactions are entered into in commercial terms. The portfolio of loans that have been transferred in 2020 totalled NOK 5.2 billion. The total portfolio of loans bought as of 31 December 2020 is NOK 17.7 billion. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expense for 2020 is NOK 68.9 million.

Internal transactions between group companies are eliminated in the consolidated financial statements, with the exception of transactions between the customer portfolio in Storebrand Livsforsikring AS and other units in the group. See further description in Note 1 Accounting Principles.
Also see note 22 Remuneration of senior employees and elected officers and note 30 Parent company's holding of equities in subsidiaries and associated companies.

	2020		2019	
NOK million	Sale/purchase of services	Receivables/ liabilities	Sale/purchase of services	Receivables/ liabilities
Group companies:				
Storebrand ASA	41	-1	44	
Storebrand Bank ASA	49	2	43	-2
Storebrand Asset Management AS	-56	30	2	36
Storebrand Forsikring AS	154	45	125	46

Note 44 Solvency II

Storebrand Livsforsikring is an insurance company with capital requirements in accordance with Solvency II.

The calculations below are for Storebrand Livsforsikring AS when Storebrand Livsforsikring Group no longer entitled to report solvency. The requirement on consolidated level only applies to Storebrand Group.

The solvency capital requirement and minimum capital requirement are calculated in accordance with Section 46 (1) – (3) of the Solvency II Regulations using the standard method and include the effect of the transitional arrangement for shares pursuant to Section 58 of the Solvency II Regulations.

SOLVENCY CAPITAL

	31.12.20					31.12.19
NOK million	Total	Tier 1 unlimited	Tier 1 limited	Tier 2	Tier 3	Total
Share capital	3,540	3,540				3,540
Share premium	9,711	9,711				9,711
Reconciliation reserve	23,393	23,393				21,146
Including the effect of the transitional arrangement	4,815	4,815				0
Subordinated loans	8,734		1,131	7,602		7,651
Deferred tax asset	0					0
Risk equalisation reserve	438			438		466
Expected dividend	**-1,709**	**-1,709**				**-1,690**
Total solvency capital	**44,107**	**34,935**	**1,131**	**8,040**		**40,823**
Total solvency capital available to cover the minimum capital requirement	**37,528**	**34,935**	**1,131**	**1,461**		**35,124**

SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

NOK million	31.12.20	31.12.19
Market	21,635	18,583
Counterparty	818	702
Life	7,044	7,055
Health	644	564
Operational	1,062	1,036
Diversification	-5,318	-5,043
Loss-absorbing tax effect	-5,367	-4,740
Total solvency requirement	**20,518**	**18,156**
Solvency margin	**215.0 %**	**224.8 %**
Minimum capital requirement	**7,306**	**6,512**
Minimum margin	**513.7 %**	**539.3 %**

Note 45 Return on capital

STOREBRAND LIVSFORSIKRING AS

	2020		2019		2018		2017 [1]		2016 [1]	
	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return
Contractual obligations total	4.8 %	5.5 %	3.8 %	5.5 %	3.2 %	2.4 %	4.5 %	5.1 %	5.7 %	4.5 %
As portfolio:										
Group defined benefit private	4.3 %	5.6 %	4.2 %	6.1 %	2.2 %	0.5 %	3.8 %	4.5 %	5.5 %	4.2 %
Swedish branch	3.0 %	2.3 %	4.5 %	6.1 %	4.4 %	1.1 %	6.1 %	5.7 %	4.2 %	3.3 %
Paid-up policies	5.0 %	5.7 %	3.9 %	5.5 %	3.5 %	2.9 %	4.7 %	5.4 %	5.7 %	0.0 %
Individual	3.6 %	3.9 %	3.6 %	4.7 %	2.9 %	0.0 %	4.5 %	4.2 %	6.4 %	4.3 %

1) Changed comparison figures to correspond to allocation in accounts.

	2020	2019	2018	2017	2016
Return on capital company portfolio	1.6 %	2.8 %	2.5 %	4.6 %	4.7 %

Note 46 Number of employees

	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	2020	2019	2020	2019
Number of employees 31.12	1,251	1,282	804	749
Average number of employees	1,265	1,290	778	740
Fulltime equivalent positions 31.12	1,232	1,265	795	740
Average number of fulltime equivalents	1,247	1,273	769	738

Note 47 Sold/liquidated business

Storebrand Livsforsikring AS sold Storebrand Finansiell Rådgivning to Storebrand Bank ASA during the year. The sale is made on market terms.

Declaration by the Members of the Board and the CEO

STOREBRAND LIVSFORSIKRING AS OG STOREBRAND LIVSFORSIKRING GROUP

On this date, the Board and CEO have discussed and approved the annual report and annual financial statements for Storebrand Livsforsikring AS and Storebrand Livsforsikring Group for the 2020 financial year and as per 31 December 2020.

The financial statements are prepared in accordance with the “Regulation on the annual accounts etc. of insurance companies” for the parent company and the consolidated financial statements are presented using EU-approved International Financial Reporting Standards (IFRS) and the additional requirements of the Securities Trading Act.

In the best judgment of the Board and CEO the annual financial statements and consolidated financial statements for 2020 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the assets, liabilities, financial standing and results as a whole of the parent company and the group as per 31 December 2020. In the best judgment of the Board and CEO the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements and consolidated financial statements. In the best judgment of the Board and CEO the descriptions of the most important risk and uncertainty factors the group faces in the next accounting period, as well as the descriptions of related parties’ significant transactions, also provide a fair and true overview.

Lysaker, 9 February 2021
The Board of Directors of Storebrand Livsforsikring AS

Translation – not to be signed

Odd Arild Grefstad
Cairman of the Board

Martin Skancke | Vibeke Hammer Madsen | Hanne Seim Grave

Jørn Hilstad | Hans Henrik Klouman | Jan Otto Risebrobakken

Geir Holmgren
Chief Executive Officer

To the General Meeting of Storbrand Livsforsikring AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Storbrand Livsforsikring AS, which comprise:

- The financial statements of the parent company Storbrand Livsforsikring AS (the Company), which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of change in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of Storbrand Livsforsikring AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of change in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The group’s activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other material events that qualified as new key audit matters for our audit of the 2020 financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of life insurance liabilities	
We focused on the valuation of the insurance liabilities because it is significant estimates in the financial statements. The estimates involves complex assessment concerning the probability that insured events occurs, and uncertainty related to whether the provisions are sufficient to cover the total liabilities to the policyholders. Small adjustments of the assumptions may have significant impact on the estimates. The calculation of the insurance liabilities will to a large extent depend on good quality of data in the insurance system and use of assumptions that are in accordance with regulatory requirements and appropriate industry standards. Refer to note 1, 2, 6 and 37 in the financial statements where management further describes the insurance liabilities, assumptions and uncertainty of the estimates.	In our audit we have considered and tested the design and effectiveness of established controls for review of used assumptions and calculation methods, including the company’s internal recalculations of the insurance liabilities. We also examined whether management had established effective controls that ensured good data quality for the calculation of the insurance liabilities. This included controls related to data collection, data processing, reconciliation of the insurance systems and IT General Controls relevant for financial reporting. Those controls we elected to base our audit on, was working efficiently. We also performed independent calculations for a selection of insurance obligations using our internal actuarial models and compared these with the company’s calculations. We used our internal actuaries for this work. The comparison did not indicate any deviations of significance. We considered and challenged management’s use of key assumptions that the estimated insurance liabilities are based on. We did the same for the method and the models the management used. We used our own internal actuaries for parts of this work. Our findings are that assumptions, methods and models were in accordance with industry standards, regulatory requirements, and that they were used consistently. We also considered and found that the information regarding the insurance liabilities in notes to the financial statements is sufficient and adequate.

(2)

Valuation of investment properties

The Group has investment properties that mainly consists of office and retail properties. We have focused on investment property because it represents an estimate and a substantial part of the assets in the Group's statement of financial position.

These properties are measured at fair value and classified in level 3 according to IFRS 13. Valuation of the properties involves use of assumptions which are subject to management judgement. Important assumptions for the value of individual properties are primarily expected future cash flows and discount rate.

The basis for management's estimate is an internal valuation model and external valuations. Management obtain observations of market data from various market participants. Management considers reasonableness of their own estimates through obtaining valuations from external valuers for a sample of properties on a continuing basis. The valuers were engaged by management.

Refer to note 1, 2, 11 and 29 in the financial statements for management's further description of investment properties, the methods used and the assumptions the valuations are based on.

Through our audit we have assessed and tested design and effectiveness of established controls for review of applied assumptions and calculation methods, including the company's internal valuation of investment properties. We particularly examined whether management had established controls to ensure assessment of market rent and discount rate. We found that routines to ensure that these elements regularly were checked against both external valuations and marked data was established. Those controls that we elected to base our audit on, was in our view working efficiently.

We obtained, read through and understood the internal valuation model. We concluded that the model contains the elements required by the financial reporting framework and therefore is appropriate as a basis for determining fair value on the Group's investment properties. We tested whether, and concluded that the model made mathematically correct calculations.

In our assessment of the valuation, we challenged the assumptions for expected future cash flows and discount rate by comparing a sample of properties against information from relevant external sources. Substantial changes in value from previous periods was subject to discussions with management. We concluded that assumptions were consistent with information from relevant sources and that explanations regarding substantial changes in value were based on changes in the information from relevant sources.

We also assessed the qualifications, competence and objectivity of the external valuers. We reviewed the engagement letters with the valuers to assess whether there were any clauses or fee provisions that may have affected their objectivity or in any other way limited their engagement. We did not find any indications of such circumstances.

We compared the internal valuations against the valuers estimates on values for a sample of properties. We challenged management on substantial deviations and obtained explanations on deviations. We assessed management's explanations as reasonable.

We also assessed and came to the conclusion that the information about investment properties in the notes to the financial statements were in accordance with the accounting principles and provides an adequate

Key Audit Matters	How our audit addressed the Key Audit Matter
	description of the method and the underlying assumptions that is used for the valuation.
Valuation of financial assets measured at fair value We have focused on this area both because financial assets represent a substantial part of the assets in the statement of financial position, and because the fair value in certain instances will have to be estimated using valuation models that apply judgement. Most of the financial assets that are measured at fair value is based on quoted prices in active markets (level 1 investments), or derived from observable market information (level 2 investments). Routines and processes that ensures an accurate basis for the valuation is important for these assets. For financial assets that is measured based on models and certain assumptions that is not observable (level 3 investments), we focused on assessing both the models and the assumptions underlying the valuation. Refer to note 1, 2 and 11 in the financial statements for a further description of management's valuation of financial assets measured at fair value.	In our audit we considered design and tested effectiveness of Storebrand's established controls over valuation of financial assets measured at fair value. Particularly we focused on those controls that ensured complete and accurate use of quoted market prices and other observable masterdata, return on investments controls and IT General Controls relevant for financial reporting. In our opinion, the controls that we have chosen to base our audit on are working effectively. For financial assets measured through use of models and assumptions that are not observable, we assessed valuation principles, the models and assumptions that were used. We found that the models and assumptions were reasonable and used consistently. For a sample of investments, we also tested that fair value was in accordance with external valuations. We considered the reliability of the sources of information, when relevant. Our tests did not reveal substantial deviations. We also assessed and found that the information in the notes regarding the Group's valuation principles and fair value determination were sufficient and adequate.
New tax rules and uncertain tax positions Tax rules for life insurance companies and financial groups are complex and has changed significantly during the last couple of years. As described in note 26 uncertain tax positions have occurred as part of the group's activities related to liquidation of a subsidiary in 2015 and new tax rules for life insurance companies in 2018. Management applied significant judgment in their assessment of whether the uncertain tax positions should be recognized in the financial statements and have therefore been a focus area.	We have reviewed and challenged management assessment of the uncertain tax positions. Management obtained external legal opinions as a basis for their conclusions. We evaluated the competence, integrity and objectivity of the external legal advisors. We evaluated the external legal opinions, and whether the arguments used by the legal advisors are reasonable and that the considerations were neutral. We also assessed the information regarding the uncertain tax positions in the financial statements. We found that the information meets the requirements in the accounting standards.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 9 February 2021
PricewaterhouseCoopers AS

Thomas Steffensen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

(7)

Terms and expressions

GENERAL

Subordinated loan capital
Subordinated loan capital is loan capital that ranks after all other debt. Subordinated loan capital forms part of the tier 2 capital for solvency capital calculations.

Duration
Average remaining term to maturity of the cash flow from interest-bearing securities. The modified duration is calculated based on the duration and expresses the sensitivity to the underlying interest rate changes.

Equity
Equity consists of paid-in capital, retained earnings and minority interests. Paid-in capital includes share capital, share premium reserve and other paid-in capital. Retained earnings include other equity and reserves.

Solvency II
Solvency II is a common set of European regulatory requirements for the insurance industry. Under Solvency II, the size of the capital requirement will be determined by the amount of risk the company is exposed to.

INSURANCE

Reinsurance (Reassurance)
The transfer of part of the risk to another insurance company.

IBNR reserves (incurred but not reported)
Reserves for the compensation of insured events that have occurred, but not yet been reported to the insurance company.

RBNS reserves (reported but not settled)
Reserves for the compensation of reported, but not yet settled claims.

LIFE INSURANCE

RETURN ON CAPITAL
The booked return on capital shows net realised income from financial assets and changes in the value of real estate and exchange rate changes for financial assets, expressed as a percentage of the year's average capital in customer funds with guarantees and in the company portfolio, respectively. The market return shows the total income realised from financial assets, changes in the value of real estate and the year's change in unrealised gains or losses, expressed as a percentage of the year's average total capital in customer funds with guarantees and in the company portfolio, respectively, at market value.

GROUP CONTRACTS
Group defined benefit pensions (DB)
Guaranteed pension payments from a specified age for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age. The product is offered in both the private and public sectors. The cover includes retirement, disability and survivor pensions.

Group defined contribution pensions (defined contributi-on – DC)
In group defined contribution pensions the premium is stated as a percentage of pay, while the payments are unknown. The customer bears all the financial risk during the saving period.

Group one-year risk cover
These products involve guaranteed payments upon death or disability, and a waiver of premiums in the event of disability.

Paid-up policies (benefit) and pension capital certificate (contribution)
These are contracts with earned rights that are issued upon withdrawal from or the termination of pension contracts.

Group life insurance
Group life insurance in which an insured sum is payable on the death of a member of the group. Such insurance can be extended to cover disability insurance.

Unit Linked
Life insurance offering an investment choice, whereby the customer can influence the level of risk and return by selecting in which funds assets are to be invested. Applies to both individual policies and group defined contribution pensions.

INDIVIDUAL CONTRACTS
Individual allocated annuity or pension insurance
Contracts with guaranteed payments for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age.

Individual endowment insurance
Contracts involving a single payment in the event of attaining a specified age, death or disability.

Individual Unit Linked insurance
Endowment insurance or allocated annuity in which the customer bears the financial risk.

Contractual liabilities
Allocations to premium reserves for contractual liabilities shall, as a minimum, equal the difference between the capital value of the company's future liabilities and the capital value of future net premiums (prospective calculation method). Additional benefits due to an added surplus are included.

RESULT

Administration result
The administration result is the difference between the premiums paid by customers pursuant to the tariff and the company's actual operating costs. The income consists of fees based on the size of customer assets, premium volumes or numbers in the form of unit prices. Operating costs consist of, among other things, personnel costs, marketing, commissions and IT costs.

Financial result
The financial result consists of the net financial income from financial assets for the group portfolio (group and individual products without any investment choice) less the guaranteed return.

Risk result
The risk result consists of premiums the company charges to cover insurance risks less the actual costs in the form of insurance reserves and payments for insured events such as death, pensions, disability and accidents.

Insurance reserves – life insurance
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation, see note 1 – accounting policies.

Solidity capital
The term solidity capital includes equity, subordinated loan capital, market value adjustment reserve, additional statutory reserves, conditional bonuses, surplus/deficit related to bonds at amortised cost and retained earnings. The solvency capital is also calculated as a percentage of total customer funds, excluding additional statutory reserves and conditional bonuses.

Buffer capital
Consists of market value adjustment reserve, additional statutory reserves and conditional bonuses

FINANCIAL DERIVATIVES

The term "financial derivatives" embraces a wide range of financial instruments for which the current value and future price movements are determined by equities, bonds, foreign currencies or other traditional financial instruments. Derivatives require less capital than is the case for traditional financial instruments, such as equities and bonds, and are used as a flexible and cost-effective supplement to traditional instruments in portfolio management. Financial derivatives can be used to hedge against unwanted financial risks, or to create a desired risk exposure in place of using traditional financial instruments.

Share options

The purchase of share options confers a right (but not an obligation) to buy or sell shares at a pre-determined price. Share options may be related to stock market indices as well as to specific individual stocks. The sale of share options implies the equivalent one-sided obligation. In general, exchange traded and cleared options are used.

Stock futures (stock index futures)

Stock futures contracts can be related to individual shares, but are normally related to stock market indices. Stock futures contracts are standardised futures contracts, which are exchange traded, and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day.

Cross currency swaps

A cross currency swap is an agreement to exchange principal and interest rate terms in different currencies. At the maturity of the contract, the principal and interest rate terms are exchanged back to the original currency. Cross currency swaps are used, for example, to hedge returns in a specific currency or to hedge foreign currency exposure.

Forward Rate Agreements (FRA)

FRAs are agreements to pay or receive the difference between an agreed fixed rate of interest and the actual rate for a fixed amount and period of time. This difference is settled at the start of the future interest period. FRA contracts are particularly appropriate for the management of short-term interest rate exposure.

Credit derivatives

Credit derivatives are financial contracts that transfer all or part of the credit risk associated with loans, bonds and similar instruments from the purchaser of the protection (seller of the risk) to the seller of the protection (purchaser of the risk). Credit derivatives are transferable instruments that make it possible to transfer the credit risk associated with particular assets to a third party without selling the assets.

Interest rate futures

Interest rate futures contracts are related to government bond rates or short-term benchmark interest rates. Interest rate futures are standardised contracts which are exchange traded and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily and settled on the following day.

Interest rate swaps/asset swaps

Interest rate swaps/asset swaps are agreements between two-parties to exchange interest rate terms for a specified period. This is normally an agreement to exchange fixed rate payments for floating rate payments.This instrument is used to manage or change the interest rate risk.

Interest rate options

Interest rate options can be related to either bond yields or money market rates. The purchase of interest rate options related to bonds (also known as bond options) confers a right (but not an obligation) to buy or sell bonds at a pre-determined price. Interest rate options can be used as a flexible instrument for the management of both long and short-term interest rate exposure.

Forward foreign exchange contracts/swaps

Forward foreign exchange contracts/swaps relate to the purchase or sale of a currency for an agreed price at a future date. These contracts are principally used to hedge the currency exposure arising from securities, bank deposits, subordinated loans and insurance reserves. These contracts also include spot foreign exchange transactions.

Currency options

Currency options give the holder a right, but not an obligation to a future exchange of currency at a predetermined rate. Currency options are used for hedging subordinated loans in foreign currency.

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